



ANNUAL REPORT 2014



STORM REAL ESTATE ASA ANNUAL REPORT 2014

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2014 SUMMARY

(all figures in USD)

2014 was a poor year for Storm Real Estate.

Total comprehensive income for the year was USD -34.2 million in 2014 compared with USD +3.1 million in 2013.

This follows a recorded decrease in value of real estate in Russia of NOK 32.8 million after an extremely turbulent year for Russia and the Russian economy. Operating profit from the properties in Russia grew from NOK 10.1 million to 10.3 million. The two properties in Russia have been valued at USD 70.3 million.

Key figures from investment properties

USD million	2009	2010	2011	2012	2013	2014
Rental income	9.8	10.8	11.8	12.6	12.9	12.7
Net operating income from properties	7.5	8.0	8.7	9.6	10.1	10.3
Net operating income %	77 %	77 %	74%	76%	78%	82%
Value of investment property	82.2	85.9	99.3	102.7	103.1	70.3

Total Shareholder Return

Numbers in NOK	2011	2012	2013	2014
Share price 01.01	12.70	13.05	15.1	17.4
Dividend	1.50	1.50	1.00	1.60
Share price 31.12	13.05	15.10	17.4	12.5
Dividend-adjusted return	14.6%	27.2%	21.9%	-19.0%

Return on Equity

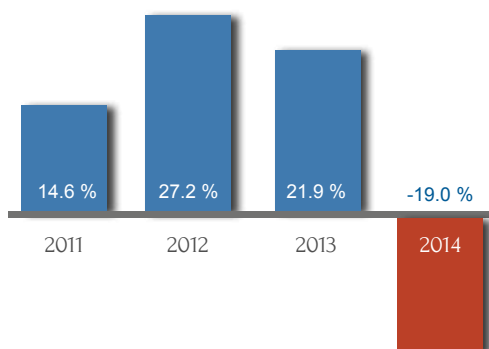
Numbers in million USD	2011	2012	2013	2014
Total Comprehensive Income	9.6	7.0	3.1	-34.2
Equity, start of year	79.3	78.7	80.7	78.4
Return on equity	12.1%	8.9%	3.9%	-43.6%

Investment in TK Development produced an unrealised increase in value of NOK 3.2 million. This equates to a return of 7.6% on the value per 31 December 2013.

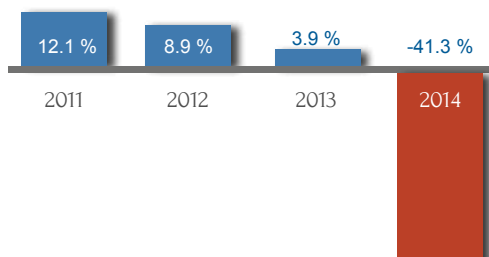
Management of liquid assets via the portfolio of funds and bonds resulted in a loss of USD 0.6 million in 2014. It was primarily the investment in the Storm Bond Fund that resulted in a decrease in value of USD 0.5 million for 2014.

The Company maintained its expressed buy-back and dividend policy in 2014, and paid a dividend in 2014 of USD 5.0 million

Total Shareholder Return



Return on Equity





THIS IS STORM REAL ESTATE

Storm Real Estate ASA is an investment company focusing on real estate. Its strategy comprises the direct ownership and management of commercial property in Russia and the EEA, as well as indirect ownership by taking positions in other companies through the purchase of shares or other securities.

Storm Real Estate ASA was established in 2007.

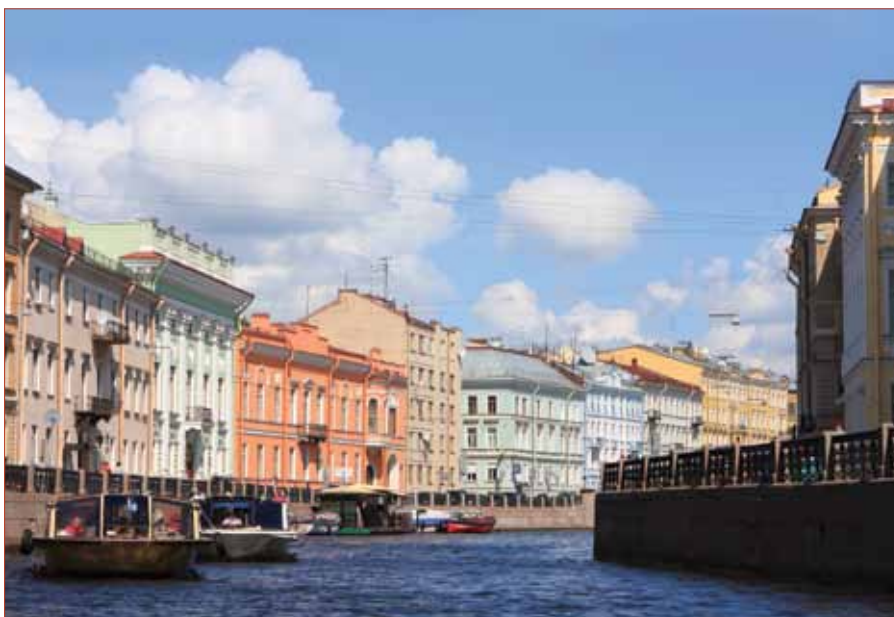
The property portfolio consists of two office buildings, Gasfield in Moscow and Grifon House in St. Petersburg, with a total lettable area of approximately 20,000 square metres. Both buildings are let to solid companies within the oil, gas and pharmaceutical industries.

In addition the Company owns approximately 11.1% of the Danish listed property company TK Development A/S.

Since November 2008 Storm Capital Management Ltd. has managed the Company pursuant to an asset management agreement.

A team established locally in Moscow and St. Petersburg manages the operational side of the property portfolio. Their work includes sourcing new tenants, credit control, property management, accounting and other administrative functions in Russia. The team ensures that the buildings are run efficiently and effectively, maintaining a high standard of customer service for the tenants.

The Board currently consists of five members, four of whom are considered to be independent.



Property portfolio

As at 31 December 2014 Storm Real Estate ASA's property portfolio consists of two buildings: Gasfield in Moscow and Grifon House in St. Petersburg.



Moscow – Gasfield

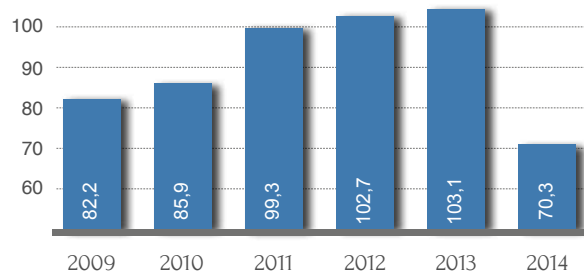
The Gasfield property is a class B building located in the area between the Third Ring Road and the MKAD Ring Road, close to the Gazprom headquarters. The building comprises offices, a restaurant, fitness centre and parking spaces. It has a gross area of 15,000 square meters and a net lettable area of 11,500 square meters. There are 20 different tenants, one of which (LLC Gazprom Tsentrremont) accounts for approximately 77% of the total leased area.



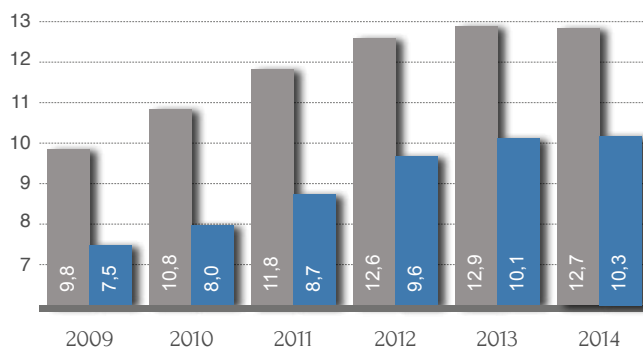
St. Petersburg – Grifon House

Grifon House is located in the historic centre of St. Petersburg. Grifon House comprises five parts. Four of these parts were built in the 1800s, but were redeveloped and renovated in 2007-2008, and a new parts was built in 2007. The property has a lettable area of 6,000 square metres and is fully let to LLC PSI, a pharmaceutical company.

Value of investment properties



■ Rental income ■ NOI from properties





A MESSAGE FROM STORM CAPITAL MANAGEMENT

A challenging year for Storm Real Estate.

During the course of 2014 our property values were written down by USD 32.8 million. This was primarily the result of worsening prospects for the Russian economy.

The conflict in Ukraine has escalated during the year, which led to strict sanctions between Russia and the western world. Furthermore a dramatic fall in the oil price in the second half of 2014 contributed to an almost halving of the value of the Ruble against the USD during the period.

Increased political and financial uncertainty has resulted in capital flight and high inflation. The Russian Central Bank stopped support buying of the Ruble and the interest rate was increased from 5.5% to 17% during the year.

The International Monetary Fund (IMF) reduced its growth forecasts for Russia from +2% at the beginning of the year to -3% at the end of the year and the country's credit rating has weakened.

These factors resulted in our property portfolio in Russia being written down by 32% from USD 103.1 million to USD 70.3 million. However, our buildings have been fully let and generated operating income of USD 12.7 million USD with net operating income of USD 10.3 million for the period.

We are unable to control geopolitical and macroeconomic developments, but we are highly focused on that which we can affect. Our main tenants are satisfied and remain with us. We have negotiated new contracts, albeit for a somewhat lower rental charge measured in US dollars. In Russia, 2014 has been a year of good operations and good cash flow.

Storm Real Estate is the largest shareholder in the Danish company TK Development A/S with an 11.07% stake. TK Development has developed well during the period and we have continued to work as an active owner.

TK Development is now earning money and their business model works. The company is primarily a property developer and the company has adapted its balance sheet to be able to implement new projects and sell these on during the project phase. At the same time they have continued to sell their existing property portfolio at approximately book value.

TK Development is now trading at a discount to book value which means that the company remains an exciting investment.

Liquidity management including exposure to energy fell somewhat during the last year, predominantly due to the fall in the oil price. Despite a negative result of USD 0.6 million in 2014, total profits from liquidity management were USD 4.5 million for the last three years.

Thank you for the confidence you have in us during this challenging time!



THE REAL ESTATE MARKET

Storm Real Estate invests in property and property-related securities in Russia and the EEA. Below is an update for 2014 for the markets relevant to the Group's operations.

Russia

The real estate market in Russia in 2014 was strongly affected by geopolitical and macroeconomic events.

The oil price is an important driving force for the Russian economy. The oil price fell 50% in the second half of 2014. Driven by the fall in the oil price the Russian Ruble fell significantly against the USD. In the second half of the year the value of the Ruble was approximately halved against the USD. Together with the sanctions which were introduced against Russia as a consequence of the Ukraine crisis this has a major effect on the Russian economy.

The real estate market was severely affected by this. Rent denominated in US dollars have become significantly more expensive for local tenants. At the same time the sanctions have hit Russia's financial sector hard, which has resulted in challenges including in the financing of property.

Russia's central bank raised the base interest rate from 9.5% to 17% in December to support the country's currency. Inflation is on the way up, and in January 2015 inflation was 15%. Market commentators expect inflation to reach 20% - possibly higher.

Naturally the investment volume in Russia fell steeply in conjunction with the political challenges in the country. While in both 2012 and 2013 over USD 8 billion was invested in commercial property in Russia, in 2014 only USD 4.1 billion was invested - a 50% drop in the investment volume. There was a particularly noticeable reduction in investment from abroad. Foreign investment in commercial property fell by 67% from 2013. The office segment continues to be the most attractive segment for investors, and represented 54% of investment compared with 37% in 2013. The majority of transactions, especially in the office segment, were in Moscow.

Demand fell strongly and at the end of 2014 the market was a tenant's market. At the same time a large amount of new space was completed. 1.4 million square meters came onto the market, and such a large amount has not been completed since 2009. This led to vacancy rates in the office market in Moscow rising to an average of 17.2%, up from 11.9% in 2013. There is a particularly high vacancy rate in the class A segment of 31%, up from 19% the previous year; while the vacancy rate in class B buildings is 13%, up from 10% the previous year.

Rent levels fell in 2014, particularly towards the end of the year in parallel with the effects of the fall in the oil price. Average rent levels are now reported to be USD 463 per square meter, triple net, which is 30% lower than at the end of 2013. Both tenants and lessors are exercising caution as there is uncertainty regarding how long the balance in the market will last. The steep devaluation of the Russian Ruble has also made tenants ask for rents denominated in Russian Rubles.

Europe

The investment volume for Central and Eastern Europe (CEE), where Storm Real Estate has exposure was at its highest since 2007. The transaction volume was EUR 108 billion in 2014, an increase of 16% from 2013.

Framework conditions are in place for further growth in European real estate. The European Central Bank (ECB) has published its program for quantitative easing of over EUR 1,000 billion. Low returns on government bonds will typically make real estate more attractive to investors.

The markets most relevant for Storm Real Estates investment in TK Development are described below.

Sweden (Stockholm):

Unemployment is falling and vacancy rates for commercial property are falling. Low vacancy rates in central commercial areas is pushing up rents. Demand is high for high quality premises. Yield is thus somewhat compressed and in office property the prime yield is reported at 4.45%. Investment in for example office property was twice as high in 2014 compared with 2013.

Denmark:

The Danish economy is growing, driven by factors including low interest rates, but growth is waning somewhat due to lower growth in the countries to which Denmark exports. The property market has grown further in 2014. Demand is extremely strong in Copenhagen and other large cities, but there are major regional differences. Unemployment is falling. The investment volume in commercial property was more or less unchanged from 2013 to 2014, and major transactions were dominated by foreign investors.

Poland:

Poland registered growth in its Gross National Product of approximately 3% in 2014, despite the disturbances in its neighboring country of Ukraine. The transaction volume in commercial property was EUR 3.2 billion, only just surpassed by 2013 which was a record year. Retail remains one of the most attractive sectors. Vacancy rates for retail premises are low and rents are stable. Prime yields are reported at 6.0% for office and 5.5% for retail.

Czech Republic:

The transaction volume grew strongly in the Czech Republic in 2014. Transactions totaling approximately EUR 2 billion represent an increase of 77% from 2013. Retail remains a strong component in the Czech market. There is a great deal of interest from foreign investors in the Czech Republic's property market; these represent 80% of transactions in 2014. The majority of all investment activity remains centered on Prague. Prime yields are somewhat compressed in office and retail, down from 6.3% in 2013 to 6.0% in 2014.



SHARE AND SHAREHOLDER INFORMATION

Storm Real Estate ASA seeks to maintain an open and inclusive shareholder information policy. Providing timely information on any matters that may affect the company's share price should help the share price better reflect the Company's underlying value.

The share

Storm Real Estate ASA was listed on the Oslo Stock Exchange on 6 July 2010. Ticker: STORM.

The shares are registered in the Norwegian Central Securities Depository, registration number (ISIN) NO0010360175. The registrar for the share is Nordea.

At 31 December 2014 Storm Real Estate ASA had 18,345,623 issued shares.

Each share has a nominal value of NOK 0.40. The Company had 721,799 treasury shares at the start of the year, but no treasury shares as at 31 December 2014.

Shareholder structure

At 31 December 2014 Storm Real Estate ASA had 448 shareholders. At 31 December 2014 the 20 largest shareholders held 63.7 % of the shares. The Company's Board Members controlled 41.8% of the shares in the Company at the end of 2014. Storm Capital Management's two partners are indirectly the largest shareholders in Storm Real Estate through their ownership of and control over related companies and investment funds.

	31.12.2014		31.12.2013	
	Shares	%	Shares	%
Norwegian	9,975,736	54,4%	12,458,153	64,8 %
Foreign	8,369,887	45,6%	6,766,769	35,2 %
Total	18,345,623	100,0%	19,224,922	100,0 %

Table: domestic and foreign shareholders

Equal treatment of shareholders

There is only one share class, and each share entitles the holder to one vote. Storm Real Estate ASA is committed to the principle of equal treatment of all shareholders. All shareholders have the opportunity to obtain effective redress for infringement of their rights. The Company's Articles of Association contain no provisions on voting rights differentiation, no restrictions on the number of votes that can be cast, and no other restrictions on shareholder rights.

Related-party transactions

There have been no material transactions between Storm Real Estate ASA and shareholders, members of the Board of Directors, members of management or close relatives of any such parties, other than those disclosed in the financial statements. There are no restrictions on the negotiability of the shares.

Annual general meeting

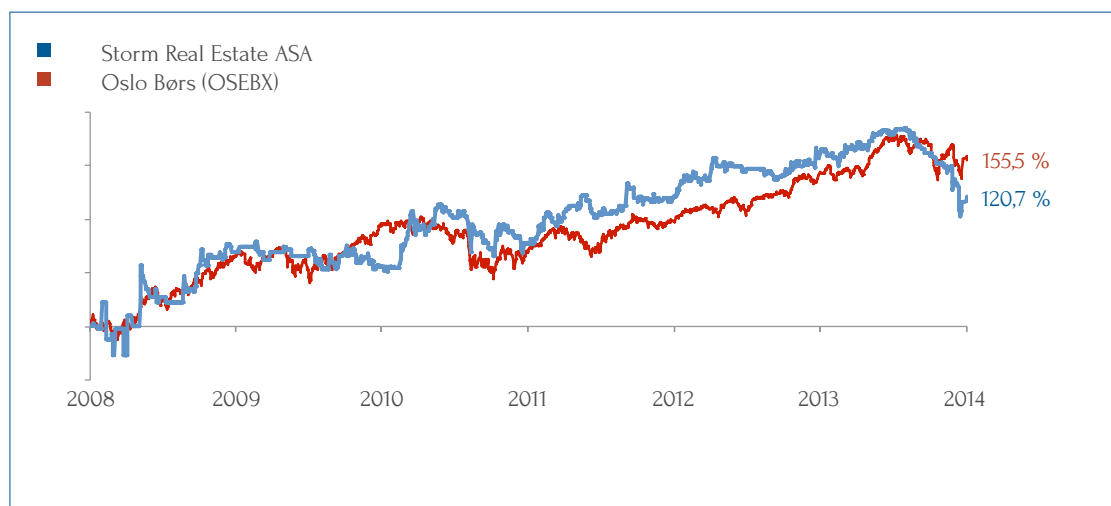
The annual general meeting is the Company's supreme authority. It is normally held in May. The Board determines the agenda for the annual general meeting and works to ensure that it becomes a forum for the shareholders. Notice of the meeting is usually sent out no later than 21 days in advance and will also be available on the Company's website and through the Oslo Stock Exchange notification service. Shareholders who would like to receive such information by email can register with the company's Investor Relations contact. Shareholders who are unable to attend may vote by proxy. The Company has prepared proxy forms which enable shareholders to vote on individual issues.

Investor relations

Management works continuously to ensure an open and active dialogue with investors and other participants in the financial market. There are quarterly presentations in Oslo for shareholders, brokers and analysts. Updated information can be found on the Company's website: www.stormrealestate.no The Investor Relations contact at Storm Real Estate ASA is Einar Pedersen (einar@stormcapital.co.uk).

Current board authorisations

The annual general meeting on 13 May 2014 authorised the Board to purchase shares in the Company for up to 10% of the share capital. The authorization ceases to apply on 13 May 2016. The authorization has not been used.





CORPORATE GOVERNANCE

Good corporate governance is key to aligning the interests of shareholders, management, employees and other stakeholders. Storm Real Estate is committed to achieving high standards of corporate governance and long-term shareholder value creation.

The Norwegian Code of Practice for Corporate Governance is intended to support listed companies by clarifying the division of roles between shareholders, the Board of Directors and management more comprehensively than is required by the current legislation. Storm Real Estate operates in accordance with the Norwegian Code of Practice for Corporate Governance. The Code is a collection of “comply or explain” guidelines, and Storm Real Estate’s governance structure is in accordance with the guidelines. The following sections detail the key aspects of Storm Real Estate’s corporate governance policy.

Business

The scope of business is trading and investing in real estate and securities relating to this, inter alia by participating in other companies involved in similar business activities through equity, loans or providing guarantees, as defined in the Company’s Articles of Association. Storm Real Estate ASA is listed on the Oslo Stock Exchange. Ticker: STORM.

Share capital and dividends

Share capital

The Company aims to maintain a sound financial structure, reflecting the nature of its business. As at 31 December 2014 equity was USD 38.8 million and the equity ratio was 39.9%. This follows a very negative development particularly in Russia in 2014, but the equity ratio is deemed sufficient in light of the risk and the size of the business. Considerations on the Company’s capital structure are based on the Group’s targets, market outlook, strategies and risk profile.

Dividends

Storm Real Estate has a long-term objective to pay annual dividends. When considering dividends, the Board emphasises the company’s dividend capacity, the requirements for a sound level of equity and sufficient financial resources for future growth. The Board considers buy-backs of shares to supplement dividends as a way of returning value to the shareholders.

Equal treatment of shareholders and related-party transactions

Storm Real Estate’s objective is that all shareholders are treated equally. The Company has one class of shares, and all shares have equal voting and dividend rights. All of Storm Real Estate’s shareholders have equal rights in the event of share capital increases.

The Board and management shall treat all shareholders equally with regard to price-relevant information. Storm Real Estate is listed on the Oslo Stock Exchange and is thus obliged to comply with the disclosure requirements in Norwegian securities legislation. The company discloses all price relevant information to the market through Oslo Stock Exchange’s news site www.newsweb.no and on Storm Real Estate’s website www.stormrealestate.no.

Related-party transactions shall be carried out according to the arm’s length principle and always in compliance with the Norwegian Public Limited Liability Companies Act.

Freely negotiable shares

The shares of Storm Real Estate are freely negotiable.

Annual general meeting

The annual general meeting is open to all shareholders and all shares have equal voting rights. There are no ownership restrictions. The notice of the annual general meeting shall be sent out to the shareholders no later than 21 days prior to the date of the meeting. Notice of an extraordinary general meeting shall be sent to shareholders no later than two weeks before the date of the extraordinary general meeting. The provision requiring companies to send such documents by post does not apply if the documents concerning matters to be dealt with at the general meeting have been made available on the Company’s website. A shareholder may still ask to receive documents concerning matters to be dealt with at the general meeting by post. All shareholders can participate in person or by proxy.

Nomination committee

The nomination committee submits its recommendations on the composition of the Board and remuneration of board members to the annual general meeting. The board members are directly elected by the annual general meeting. The nomination committee is elected for a period of two years and consists of Per Lorange, Christopher W. Ihlen and Erik M. Mathiesen. The next election will be held at the annual general meeting in 2016.

Board of Directors

Storm Real Estate's Board of Directors consists of four members. The Company seeks a balanced composition of the Board, taking into account the expertise, experience and background relevant to the Company's operations. The majority of the members of the Board of Directors are considered to be independent members. Morten E. Astrup is the largest shareholder.

A presentation of the members of the Board of Directors follows below:



Stein Aukner,

Chairperson (born 1949)

Mr Aukner is currently on the board of several Norwegian companies, including Centra-Gruppen, Agra Holding and Bama Gruppen. He has previously held senior management positions at a number of Norwegian companies. Mr Aukner has an MBA from Copenhagen Business School and is also an Authorised Financial Analyst – the Norwegian equivalent of AFA. He is a Norwegian citizen and resides in Oslo, Norway. Mr Aukner is considered an independent member of the Board of Directors.



Nini Høegh Nergaard,

board member (born 1972)

Ms Nergaard is currently chairperson of the board of OPAK AS, in addition to her work as a director of Storm Real Estate ASA. Between 1998 and 2005 she was employed as a financial analyst at Handelsbanken Capital Markets, Oslo. Ms Nergaard has a law degree from Oslo University, where she studied between 1992 and 1998. She is a Norwegian citizen and resides in Snarøya, Norway. Ms Nergaard is considered an independent member of the Board of Directors.



Morten E. Astrup,

Deputy Chairperson (born 1975)

Mr Astrup is a partner and CIO of Storm Capital Management Ltd, and has 20 years of asset management experience. He is a specialist within alternative investments, private equity and real estate. He has held board positions in several international companies and been an advisor to both private and institutional investors in Europe. Mr Astrup holds a master's degree in Business and Economics from BI Norwegian Business School/City University London. He is a Norwegian citizen and resides in London.



Christopher W. Ihlen,

board member (born 1968)

Mr Ihlen is the general manager of Kevlar AS and currently sits on the board of 22 Norwegian companies, including Forenede Industrier Eiendom AS and Vika Eiendomsforvaltning AS. Investment in and management of commercial real estate is the main activity of most of the companies in which he is involved. He has experience in brokerage and management of real estate dating back to 1997, and has worked for Neas and been a partner in NAI First Partners. Mr Ihlen has a law degree from Oslo University, where he studied between 1991 and 1997. He is a Norwegian citizen and resides in Oslo, Norway. Mr Ihlen is considered an independent member of the Board of Directors.



Kim Mikkelsen,

board member (born 1968)

Kim Mikkelsen is an investor and member of the board of several financial and internet companies. He invests in small and medium-sized enterprises via his companies Strategic Capital, Strategic Investments and Strategic Venture Capital. Through Strategic Capital he was a majority shareholder and CIO of Nordic Asset Management, a Danish management company that he started in 2003 and that grew to manage funds of GBP 400 million before being acquired in 2009 by PFA Pension, Denmark's second-largest pension fund. Mr Mikkelsen has held several management positions in investment banks in London and Copenhagen. He is a Danish citizen and is considered an independent member of the Board of Directors.

As a result of the fact that one of the Company's Board Members passed away in the autumn of 2014 the Company does not meet the stipulation of the The Public Limited Liability Companies Act regarding gender distribution. The nomination committee has since been working to find alternative candidates and will present a proposal to the general meeting in May 2015.



The work of the Board of Directors

Storm Real Estate attaches importance to independence and neutrality in all relations between the Board, management and owners in general. The principles of independence, neutrality and standard business practice also apply in dealings with other stakeholder groups such as customers, suppliers, banks and other business connections.

The relationship between the Board of Directors, the Company and the operational management is regulated by the management agreement in force between Storm Real Estate and Storm Capital Management Ltd. This agreement was first entered into in 2008 with a term of 5 years plus a period of notice of one year. In November 2011 the annual general meeting granted the Board the authority to make changes to the management agreement, including the term of the agreement. In 2013 the agreement was extended so that there is now a rolling notice period of 12 months with a discontinuation supplement equivalent to 12 month's fees.

The Board is responsible for

- setting the strategic direction of Storm Real Estate and monitoring management's performance within that framework
- ensuring there are adequate resources available to achieve the objectives
- approving and monitoring financial reporting and asset management
- approving and monitoring progress on business objectives
- ensuring that any necessary statutory licenses are in place and that measures are taken to ensure compliance with the law
- ensuring that the Company has adequate risk management procedures in place
- ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility
- ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company

The Board of Directors has established two committees: the audit committee and the remuneration and governance committee. Both committees prepare matters for the Board of Directors.

Audit committee

The audit committee acts as a preparatory body in connection with the Board's supervisory role with respect to financial control and external audit, and supports the Board in the administration and exercise of the Board's responsibility for supervisory oversight in accordance with:

- the Norwegian Public Limited Liability Companies Act and Norwegian securities legislation
- the Norwegian Accounting Act and related legislation
- applicable listing standards of the Oslo Stock Exchange

The audit committee consists of Kim Mikkelsen and Stein Aukner. The CFO also attends the meetings of the committee. The committee was established at the time of the stock exchange listing in July 2010 and held five meetings in 2014.

Remuneration and governance committee

The remuneration and governance committee submits proposals on management remuneration to the Board of Directors and reviews the corporate governance policies and procedures, including insider information guidelines. The committee consists of two members, Nini Høegh Nergaard (Chairperson) and Christopher W. Ihlen. The committee met once in 2014.

The Board had 6 meetings in 2014.

Risk management and internal control

The Board ensures that the Company has good internal control procedures and appropriate systems for risk management adapted to the Company's operations. The Company has drawn up an authority matrix which is included in the steering documents. The CFO is responsible for financial reporting, including responsibility for the fields of accounting, taxation, duties and financial reporting. Control measures have been established in connection with the presentation of quarterly and annual financial statements. The audit committee undertakes a preparatory review of the quarterly and annual financial statements.

Remuneration of the Board of Directors

The remuneration of the Board of Directors is determined annually by the Ordinary General Meeting. At the company's ordinary general meeting in 2014, the remuneration for the year since the previous ordinary general meeting was set at NOK 250,000 for the Chairperson and NOK 125,000 for Board members. Morten E. Astrup, partner at Storm Capital Management Ltd, does not receive a fee for his duties as a board member. In addition, NOK 40,000 was set for fees for members of the Audit committee.

Remuneration to Storm Capital Management Ltd.

Storm Capital Management Ltd. receives a management fee of two percent of the Company's equity per year as remuneration for managing Storm Real Estate. This amount includes management salaries, travel expenses and offices outside Russia. Transactions with Storm Capital Management are described in more detail in the notes to the financial statements. There is no performance-related fee.



Investor relations

The Board is committed to reporting financial results and other relevant information openly and in accordance with the requirement for equal treatment of all shareholders and participants in the securities market. It is the Company's aim to ensure that the market is in possession of correct, clear and timely information about the Company's operations at all times. This is essential for the efficient pricing of the share and for the market's confidence in the Company. The Company also aims to ensure that its operations are monitored by securities analysts. The Company maintains an open investor relations policy. All information made public will be published in both Norwegian and English, in order to make information available to both domestic and international investors.

Takeovers

There are no barriers to takeovers in Storm Real Estate's Articles of Association.

Auditor

The Group's auditor is Ernst & Young AS. The auditor participates in the board meeting at which the financial statements are approved. The auditor also participates in relevant meetings of the audit committee at least once a year. The auditor meets with the board once a year without management being present. The auditor's fees are reported each year to the annual general meeting.



BOARD OF DIRECTORS' REPORT 2014

Storm Real Estate is an investment company focusing on real estate through both the direct ownership of buildings and taking positions in other listed property companies.

2014 was a very poor year for Storm Real Estate. The Board notes that political turbulence and macroeconomic developments in Russia, with an extreme fall in the oil price and strong currency fluctuations have had significantly negative effects on the Company's values. In addition returns on the Company's liquidity management have been poor. The same effects may also affect values in the future.

Both of the Group's properties in Russia were almost fully let as at 31 December 2014. The business has provided a good cash flow despite large negative value adjustments on the buildings. There is some uncertainty related to how long the main tenant in Moscow, Gazprom Tsentrremont, will continue to rent in the building. After the closing date, the Company has entered into a contract with the main tenant for a reduced rent, in line with market developments in Russia. The contract also includes increased exposure to the Russian Ruble. The Company has a framework agreement for annual rollover with the tenant, and the current lease runs until February 2016. In September 2014 the Group signed a lease contract with the main tenants in St Petersburg, LLC PSI.

In 2014 Storm Real Estate purchased further shares in the Danish listed company TK Development A/S and as at 31 December 2014 has a holding equivalent to 11.07% of the shares.

The Board considers the holding to be a long-term strategic investment. Storm Real Estate is represented on the Board of TK Development.

The Company has maintained its management strategy for free liquidity. Liquid assets are primarily placed in the investment fund Storm Bond Fund or in other high interest bonds. These investments have a risk profile in line with the Company's required rate of return. In 2014 these investments developed in a negative direction and the Company suffered a loss on its liquidity management.

In 2014 the Company paid funds to its shareholders through dividends of 1.60 per share. Equity per share measured in Norwegian Kroner was NOK 15.71 as at 31 December 2014.

Profit performance

The Board is not satisfied with the Company's results for 2014.

The core business has a good cash flow and that operating income from the Russian properties is good. However there is increased uncertainty related to future rental income.

The Company had a total comprehensive income for the year of USD -34.2 million compared with USD +3.1 million in 2013. A large proportion of the negative result is related to the negative value adjustment for investment property in Russia. Net operating income from properties in Russia was positive and improved on the previous year.

The investment in TK Development gave a positive result, while liquidity management of investments in bonds and funds - primarily the Storm Bond Fund, gave a negative result.

Consolidated financial statements

The consolidated statements are prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The accounting policies have been consistently applied in all Group entities in all periods. All figures stated in the report are in USD unless specified otherwise.

Summary of the financial statements

Total comprehensive income for the year was USD -34.2 million in 2014 (2013: USD +3.1 million).

A large proportion of the result was caused by a value adjustment of properties in Russia of USD 32.8 million.

Net operating income from investment properties in Russia was USD 10.3 million, an increase from USD 10.1 million in 2013.

A positive result was recorded from the investment in TK Development of USD 3.2 million (2013: USD -1.0 million).

In the same period the Company recorded a foreign exchange loss on Danish Kroner of approximately USD 2.1 million (2013: foreign exchange gain of USD 0.5 million).

Investment in funds and other placements gave a loss of USD 0.6 million. By way of comparison the return on liquidity management was USD 2.4 million in 2013 and USD 2.6 million in 2012.

Net operating income from properties totalled USD 10.3 million (2013: USD 10.1 million). This is an increase of USD 0.2 million from 2013.

Borrowing costs, including interest linked to interest rate swaps, were USD 3.0 million in 2014 (2013: USD 3.0 million).

In addition, a fall in the value of interest rate hedging derivatives of USD 0.9 million has been included for 2014 connected with the declining interest rate curve (2013: increase in value of USD 3.4 million).

Despite the major reduction in value of investment property in Russia, the accounts show a tax expense. Tax charge, measured in local currency, increase in periods when the US Dollar appreciates as the Group's asset values increase in local currencies. The Russian Ruble fell sharply against the US dollar during the period, and the currency fell more than the properties in percentage terms. Thus, the local accounts show a positive revaluation in local currency. With this follows a calculated deferred tax. The US Dollar also appreciated against the Norwegian Kroner and this means that the parent company's receivables from Group companies are worth more measured in NOK. This also results in a calculated tax deferred tax charge. Calculated taxes for the period are therefore high, totalling USD 4.7 million (2013: USD 7.5 million).

Summary of the balance sheet

The value of properties totalled USD 70.3 million (2013: USD 103.1 million).

The value of the investment in TK Development A/S represents USD 14.1 million (2013: USD 12.2 million). The value of the investment in funds and liquid placements totalled USD 8.3 million (2013: USD 16.2 million). Bank deposits totalled USD 3.9 million (2013: USD 6.4 million).

The Group has financed the two buildings in Russia via bank loans totalling USD 42.4 million (2013: USD 45.0 million, equivalent to 60% of the value of the buildings on the reporting date (2013: 44%).

The Group has a book liability of NOK 1.9 million linked to hedging derivatives (interest-rate hedging and foreign currency hedging) (2013: USD 1.0 million).

The Group has an equity ratio of 40%. This is subsequent to a dividend of NOK 1.60 per share which is equivalent to USD 5.0 million.

Cash flow statement

The Group had a cash flow before changes in working capital of USD 9.3 million (2013: USD 8.3 million). Investing activity resulted in a net incoming cash flow of USD 4.4 million (2013: net outflow of USD 2.7 million), primarily linked to the redemption of shares in the investment fund.

Financing activities resulted in a net outward cash flow of USD 11.0 million (2013: USD 11.0 million), of which USD 5.6 million is linked to debt financing in the form of interest and repayments (2013: USD 5.7 million) and USD 5.0 million is linked to dividend payments to shareholders (2013: USD 3.2 million).

The Group recorded a net reduction in cash and liquid assets of USD 4.5 million (2013: USD -8.7 million).



Financial statements for Storm Real Estate ASA

Profit for the year for the Parent Company is USD -29.7 million compared with USD +4.7 million in 2013. The Parent Company's income essentially comes from interest income on loans to other companies in the Group. This income totalled USD 7.3 million in 2013 (2013: USD 10.2 million). The Company has long-term loans to subsidiaries totalling US 80.2 million (2013: USD 92.2 million), as well as other receivables from subsidiaries totalling USD 28.4 million (2013: USD 25.9 million). In 2014 a provision was made for bad debts on these receivables of USD 29.1 million as a consequence of major negative value adjustments in subsidiaries and their ability to settle their obligations to the Parent Company on the recording date.

Outlook for the Group

Both the buildings in Moscow and St Petersburg are almost fully let. The existing tenancies are considered good. There is increased uncertainty and risk related to future rental income from the properties in Russia.

The Board will work to create a better balance between exposure in Russia and investments in other markets.

Return Target

The Group's operations are considered to be associated with somewhat higher risk than traditional real estate companies. In the light of this, the Board has set a target of a return on equity of 10% per year over time. This target has not been achieved in recent years. For the record the Board wishes to point out that this is a long-term goal. The Board has a continuous focus on measures to contribute to achieving this target for the return on equity.

Treasury shares

At the beginning of the year the Company had 721,799 treasury shares, which represents 3.8% of total shares issued. The cancellation of treasury shares was agreed at the ordinary general meeting. The purchase of treasury shares at prices significantly lower than the book equity per share will have a positive effect for the remaining shareholders and the Board will continue to consider using share buy-backs as a method of value creation.

Financial risk and risk management

Certain risk factors may adversely affect Storm Real Estate, including financial risk, risk related to the operations of the company and market risk. If one or more of these risks or uncertainties should be realised, the Company's business, operating profit and financial strength could be materially and adversely affected. In addition, the Company is exposed to interest rate, credit, liquidity and currency risk. The group's risks are fully described in note 4 Financial risk management to the Group's financial statements.

The company attempts to mitigate the impact of interest rate risk by establishing/entering into fixed interest rate agreements or employing hedges where deemed beneficial or warranted as a condition for securing financing. Currency risk is mitigated by continuously reviewing the exposure to currencies other than USD. Foreign currency hedging is normally carried out concurrent with exposure to other currencies.



Staff, and Health, Safety and the Environment (HSE)

The parent company has no personnel and the subsidiaries have six employees in Russia, of which four are women. There have been no work-related accidents in 2014. There is no material negative environmental impact related to the Company's operations. The Group recorded 14 days of sickness absence in 2014.

Social responsibility reporting

In accordance with the reporting requirements in section 3-3 of the Norwegian Accounting Act the Group presents a report on its work related to social responsibility.

Storm Real Estate has operations in Russia, where corruption is a greater challenge than in Norway. The Company is aware of this and has introduced procedures and routines to its daily operations to reduce the risk of corruption. The Company is conscious of its role in society related to combating corruption operates with a high level of transparency and openness, and subsidiaries have clear instructions for transparency; in particular with regard to Group management and our auditors. The Board is not aware of any cases of corruption related to the Group's operations, and will continue to focus closely on this in the future.

The Company also focuses on employee rights and social conditions, and the Board is not aware of any challenges related to employee rights or social conditions in the workplace. The Company has no specific guidelines related to human rights.

Assumption of going concern

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the annual report for 2014 has been prepared based on the assumption of a going concern.

Distribution of profit

The Board recommends the following distribution of the parent company's net profit for the year:

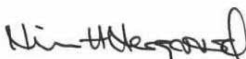
- Transferred from other equity USD 29,665

Oslo, 16 April 2015

The Board of Directors and General Manager of Storm Real Estate ASA



Stein Aukner
Chairman



Nini E.H. Nergaard
Board Member



Kim Mikkelsen Board
Board Member



Morten E. Astrup
Board Member



Christopher W. Ihlen
Board Member



Erik M. Mathiesen
General Manager

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period 1 January - 31 December

Storm Real Estate group

All numbers in 000 USD

	Note	2014	2013
Rental income	6	12,675	12,901
Total income		12,675	12,901
Property related expenses	6	2,335	2,832
Personnel expenses	16	656	749
Other operating expenses	15	2,291	2,365
Total operating expenses		5,281	5,946
Operating profit before fair value adjustments		7,394	6,955
Gain/loss from fair value adjustments on investment property	6	17,208	8,220
Total operating profit		24,602	15,175
Finance revenues	14	2,917	7,314
Finance expenses	14	-4,245	-4,166
Currency exchange gains (losses)	14	-2,358	342
Net financial gains (losses)		-3,687	3,490
Earnings before tax		20,915	18,665
Income tax expense	18	4,681	7,475
Profit for the period		16,234	11,190
Other comprehensive income:			
<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on net investments in foreign operations		-7,357	-1,566
Tax effects on exchange differences on net investments		0	157
Translation differences from foreign operations		-43,121	-6,638
Other comprehensive income, net of tax		-50,478	-8,048
Total Comprehensive income for the period		-34,244	3,142
Average number of shares		18,355,116	18,685,315
Earnings per share (USD)	20	0.88	0.60
Total Comprehensive Income per share (USD)	20	-1.87	0.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December

Storm Real Estate group

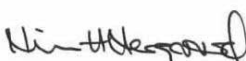
All numbers in 000 USD	Note	31.12.2014	31.12.2013
ASSETS			
Non-current assets			
Investment property	6	70,343	103,100
Financial investments	10	14,192	12,176
Property, Plant and Equipment (PP&E)	8	33	5
Intangible assets		0	1
Financial derivative assets	10	0	53
Total non-current assets		84,568	115,335
Current assets			
Financial investments	10	8,299	16,223
Other receivables	13	510	639
Cash and cash equivalents	10	3,922	6,362
Total current assets		12,731	23,225
TOTAL ASSETS		97,299	138,561
EQUITY AND LIABILITIES			
Paid-in equity			
Ordinary shares		1,236	1,296
Share premium		21,036	21,036
Treasury shares		0	-50
Other paid-in equity		56,763	61,734
Total paid-in equity		79,035	84,016
Other equity			
Other equity		-40,250	-5,578
Total other equity		-40,250	-5,578
TOTAL EQUITY		38,786	78,437
Liabilities			
Non-current liabilities			
Loans from credit institutions	12	39,833	42,364
Deferred tax liabilities	19	10,824	9,522
Financial derivative liability	10	1,986	1,011
Other long-term liabilities		499	100
Total non-current liabilities		53,140	52,997
Current liabilities			
Trade liabilities	11	106	96
Income tax payable		1,025	2,015
Loans from credit institutions	12	2,606	2,606
Other short-term liabilities	17	1,637	2,411
Total current liabilities		5,373	7,128
TOTAL LIABILITIES		58,513	60,125
TOTAL EQUITY AND LIABILITIES		97,299	138,561

Oslo, 16 April 2015

The Board of Directors and General Manager of Storm Real Estate ASA



Stein Aukner
Chairman



Nini E.H. Nergaard
Board Member



Kim Mikkelsen Board
Board Member



Morten E. Astrup
Board Member



Christopher W. Ihlen
Board Member



Erik M. Mathiesen
General Manager

CONSOLIDATED STATEMENT OF CASH FLOWS

Storm Real Estate group

All numbers in 000 USD	Note	2014	2013
Cash Flow from operational activities			
Earnings before tax		20,915	18,665
<i>Adjusted for:</i>			
depreciations	8	7	18
value adjustment on investment property	6	-17,208	-8,220
finance income	14	-2,917	-1,683
finance expenses	14	4,245	-615
net currency gains	14	4,239	133
Cash flow before changes in working capital		9,281	8,298
<i>Change in working capital:</i>			
trade receivables and other receivables		128	-67
trade payables and other payables		-672	-182
paid taxes		-3,647	-984
Net cash flow from operational activities		5,090	7,066
Cash Flow from investment activities			
Outflows from financial investments		-3,783	-11,967
Inflows from financial investments		8,002	9,145
Interest received		140	139
Net cash flow from investment activities		4,359	-2,683
Cash flow from financing activities			
Repayment on loans	12	-2,544	-2,604
Net purchase of treasury shares		-434	-2,239
Dividends paid		-4,948	-3,153
Interest paid		-3,083	-3,045
Net cash flow from financing activities		-11,009	-11,041
Net change in cash and cash equivalents		-1,560	-6,658
Carried forward cash and cash equivalents		6,362	15,099
Currency exchange variation on cash and cash equivalents		-879	-63
Cash and cash equivalents at end of period		3,922	8,377
Of which restricted cash and deposits		372	372

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period 1 January - 31 December

Storm Real Estate group

	Paid-in equity				Other equity		Total equity
	Share capital	Share premium	Other paid-in equity	Treasury shares	Retained earnings	Translation differences on foreign operations	
1 January 2013	1,296	21,036	61,734	-1	4,776	-8,122	80,719
Profit (loss) for the period					11,190		11,190
Net purchase of treasury shares				-48,82	-2,190		-2,239
Dividends					-3,184		-3,184
Other comprehensive income						-8,048	-8,048
Total	0	0	0	-49	5,816	-8,048	-2,281
31 December 2013	1,296	21,036	61,734	-50	10,592	-16,171	78,437
1 January 2014	1,296	21,036	61,734	-50	10,592	-16,171	78,437
Profit (loss) for the period					16,232		16,232
Net purchase of treasury shares				-10	-424		-434
Deletion of treasury shares	-60			60	0		0
Dividends			-4,971				-4,971
Other comprehensive income						-50,478	-50,478
Total	-60	0	-4,971	50	15,807	-50,478	-39,652
31 December 2014	1,236	21,036	56,763	0	26,399	-66,649	38,786



NOTES STORM REAL ESTATE ASA

NOTE 1 General information

Storm Real Estate ASA (hereafter “Storm Real Estate”, the “Company” or the “Group”) is a property investment company that invests in rental properties and securities with real estate exposure in Russia and the EEA.

The Company was established on 2 January 2007 and is a public limited liability company. The Company is incorporated and domiciled in Oslo with its registered office at Dronning Mauds gate 3, N-0250 Oslo, Norway. The portfolio of office buildings consists of one building in Moscow and one in St. Petersburg.

The Company is listed on the Oslo Stock Exchange, ticker STORM.

The consolidated financial statements were approved for issue by the Board of Directors on 16 April 2015. The financial statements will be dealt with at the general meeting on 13 May 2015 for final approval.

NOTE 2 Basis of preparation

NOTE 2.1 General

The consolidated financial statements of Storm Real Estate ASA have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union in accordance with the Norwegian Accounting Act. The Parent Company's financial statements are presented in accordance with a simplified version of IFRS in accordance with the Norwegian Accounting Act. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

The consolidated financial statements have been prepared on a historical cost basis, with the exception of investment property, financial contracts and financial assets and liabilities, which are all stated at fair value. Preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed separately. The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand (USD 000), unless otherwise indicated.

NOTE 2.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The accounting policies used in the consolidated financial statements are consistent with the previous year's statements. New and amended IFRS standards with effect from 1.1.2014 have not had an effect on the Group. Amendments not mentioned here have not had an effect on the Group's annual report. Future amendments to standards and interpretations are described below.

(b) Standards, amendments to and interpretations of existing standards

The Group has not chosen early adoption of any new or amended IFRSs or IFRIC interpretations.

The standards and interpretations that have been adopted up to the date of presentation of the consolidated financial statements but ahead of their effective date are detailed below. The Group intends to implement the relevant amendments on the effective date, providing that the EU approves the amendments prior to presentation of the consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers
IASB and FASB have issued a new, common standard for revenue recognition, IFRS 15. The standard replaces all existing standards and interpretations for revenue recognition. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard applies to all revenue from contracts and contains a model for the recognition and measurement of sales of certain non-financial assets (e.g. sale of property, plant and equipment). The standard has not yet been approved by the EU. The Group intends to implement the relevant amendments on the effective date, providing that the EU approves the amendments prior to presentation of the consolidated financial statements. The Group has carried out an initial assessment of the effects of implementing the standard, and has not identified any significant effects for its financial position or results.

IAS 1 Presentation of Financial Statements

The amendments to IAS 1, issued as part of the IASB's “Disclosure Initiative”, are meant to encourage the wider use of professional judgement with regard to the information to be included in notes and how financial statements can be structured. The standard has not yet been approved by the EU. The Group intends to implement the relevant amendments on the effective date, providing that the EU approves the amendments prior to presentation of the consolidated financial statements. The Group has carried out an initial assessment of the effects of implementing the standard, and has not identified any significant effects for its financial position or results, but can impact information provided in notes.

IFRS 9 Financial instruments

In July 2014 IASB published its final sub-project in IFRS 9 and the standard is now completed. IFRS 9 clarifies amendments related to classification and measurement, hedge accounting and impairment. IFRS 9 will replace IAS 39 Financial instruments - recognition and measurement. The parts of IAS 39 that have not been amended as part of this project are transferred and included in IFRS 9. The standard has not yet been approved by the EU. The Group intends to implement the relevant amendments on the effective date, providing that the EU approves the amendments prior to presentation of the consolidated financial statements. The Group has carried out an initial assessment of the effects of implementing the standard, and has not identified any significant effects for its financial position or results.

IAS 24 Related party disclosures

The amendments clarify that an entity that provides management services ("a management entity") and which provides key personnel to management is a related party covered by the disclosure requirements for related parties. Furthermore a company that makes use of such services must disclose the costs accrued for management services. Within the EU/EEA the amendments apply as a result of the IASB's annual improvement project 2010 – 2012 with effect for financial years starting on or after 1 January 2016, with the exception of amendments in IFRS 13 that enter into effect immediately. The Group already discloses such services from related parties and does not expect the amendments to have an effect on its financial statements at the time of implementation.

NOTE 2.3 Basis of consolidation and business combinations

A subsidiary is a company in which the Group has control over financial and operating policies. Control is normally achieved when the Group owns – directly or indirectly – more than 50% of the voting shares in the company. The effect of any existing voting rights resulting from exercisable options is included in the assessment of control. The Group also assesses whether control exists where fewer than 50% of the voting rights are held but the Group is nevertheless in a position to control financial and operating guidelines.

Such companies are included in the consolidated financial statements from the date on which the Group obtains control over the company. In the same way, the company is deconsolidated when control over the company ceases.

The purchase method is applied to business combinations. The consideration transferred is measured at the fair value of assets transferred, liabilities incurred and equity instruments issued. The consideration also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs related to business combinations are expensed as incurred. Identifiable assets and liabilities are recognised at fair value at the acquisition date. Non-controlling interests in the acquiree are measured on a case-by-case basis either at fair value or at their share of the acquiree's net assets.

In the case of a step acquisition, equity interests from previous acquisitions are remeasured at the control date to fair value through profit and loss. Any contingent consideration is recognised at fair value at the acquisition date. In accordance with IAS 39, subsequent changes to the fair value of the contingent consideration are recognised in the income statement or as a change to other comprehensive income if the contingent consideration is classified as an asset or liability. Contingent considerations classified as equity are not remeasured, and subsequent settlement is entered against equity.

Intra-company transactions, balances, and unrealised gains and losses on transactions between Group companies are eliminated. The financial statements of subsidiaries are restated where necessary to achieve consistency with the Group's accounting policies.

NOTE 2.4 Functional currency and presentation currency

The Group's consolidated financial statements are presented in USD, which is also the Parent Company's functional currency. Each entity in the Group determines its own functional currency, and items included in the income statement of each entity are measured using that functional currency. The functional currency is the currency within the primary economic environment in which the entity operates.

Transactions in foreign currencies are initially recorded in the functional currency at the rate on the transaction date. Monetary items denominated in foreign currencies are translated into the functional currency on the reporting date. All currency translation differences are taken to the income statement. In the consolidated financial statements, currency translation differences linked to net investments are included in other comprehensive income until disposal of the net investment, at which point they are recognised in the income statement. Tax charges linked to currency translation differences on such items are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the rate on the reporting date.

The assets and liabilities of foreign entities are translated into the presentation currency at the rate on the reporting date, and related income statement items are translated at average exchange rates per quarter. Currency translation differences arising on the translation are recognised as other comprehensive income. On disposal of a foreign entity, the cumulative amount carried in equity relating to that particular entity is recognised in the income statement.

NOTE 2.5 Segment information

The Company operates within different business segments as per the definitions in IFRS 8.

Business areas with unique financial characteristics are divided into direct investments in investment property and investments in shares in property companies. The business areas are separate segments that are followed up together by decision-makers. See note 25 for detailed segment information for the financial year.

NOTE 3. Summary of significant accounting policies

3.1 Investment property

Investment property comprises completed property held to generate rental income or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met. Investment property is recognised initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is carried at fair value. Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the withdrawal or disposal of investment property are recognised in the income statement in the year of disposal. Gains or losses on the disposal of investment property are determined as the difference between net selling price and the carrying amount of the asset in the financial statements for the preceding year.

NOTE 3.2 Property, plant and equipment

Property, plant and equipment that is not directly attributed to the investment property is classified as non-current assets and measured at acquisition cost less depreciation and impairment losses. Acquisition cost includes expenditure that is directly attributable to the acquisition of the items. Acquisition cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Costs incurred after the asset has been taken into use are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the acquisition will flow to the Group and the cost can be measured reliably. The carrying amount of the replaced part is written down to zero. All other repairs and maintenance are charged to the income statement in the period in which they are incurred.

NOTE 3.3 Operating leases

(a) Where a Group company is the lessee
Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases are classified as operating expenses and charged to the income statement on a straight-line basis over the term of the lease.

(b) Where a Group company is the lessor
Properties leased under operating leases are included in investment property in the Company's statement of financial position. Rental income is recognised over the term of the lease on a straight-line basis.

At the start of a lease agreement tenants pay a security deposit. This is treated as an advance payment from the tenants. The tenants then continue to pay in advance for the term of their lease, such that the level of the security deposit is maintained.

NOTE 3.4 Financial assets

NOTE 3.4.1 Classification

The Group has classified its financial instruments in the following categories:

(a) at fair value through profit or loss and (b) loans and receivables measured at amortised cost. The classification depends on the purpose for which the financial instrument was acquired. Management determines the classification of its financial instruments at initial recognition.

(a) Financial instruments at fair value through profit or loss
Financial instruments at fair value through profit or loss are financial instruments held for trading. A financial instrument is classified in this category if acquired in principle for the purpose of selling in the short term. Instruments are also categorised as held for trading unless they are designated as hedges.

(b) Loans and receivables measured at amortised cost
Loans and receivables are non-derivative financial instruments with fixed or determinable cash flows that are not quoted in an active market. They are classified as current assets unless the redemption date is more than 12 months after the reporting date, in which case they are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

NOTE 3.4.2 Recognition and measurement

Ordinary purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. All financial assets not carried at fair value through profit or loss are initially recognised at fair value with the addition of transaction costs. Financial assets carried at fair value through profit and loss are initially recognised at fair value. Subsequent measurement is at fair value through profit and loss.

Loans and receivables are initially recognised at fair value plus directly attributable transaction expenses. Loans and receivables are subsequently measured at amortised cost using the effective interest method, such that the effective interest is the same for the entire lifetime of the instruments.

NOTE 3.4.3 De-recognition

A financial instrument is derecognised when:

- i) the rights to receive cash flows from the instrument have expired; or
- ii) the Group has transferred its rights to receive cash flows from the instrument and either (i) the Group has transferred substantially all the risks and rewards relating to the instrument, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards relating to the instrument, but has transferred control of the instrument.

NOTE 3.5 Financial liabilities

NOTE 3.5.1 Classification

The Group's financial liabilities cover trade and other current payables, long-term debt and derivative financial instruments.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit and loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the short term. This category includes derivative financial instruments that are not designated as hedging instruments in hedge relationships in accordance with IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities that do not come into the "held for trading" category and that are not designated at fair value through profit and loss are classified as "other liabilities".

NOTE 3.5.2 Recognition and measurement

The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Subsequent measurement is also at fair value through profit or loss.

Other liabilities are recognised at amortised cost. Subsequent measurement is also at fair value.

NOTE 3.5.3 De-recognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

NOTE 3.6 Trade receivables

Trade receivables are recognised initially in the balance sheet at fair value and subsequently measured at amortised cost using the effective interest method, less provision for bad debts. A provision for bad debts on trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount of the assets and the estimated future cash flows from the assets.

NOTE 3.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held with banks.

NOTE 3.8 Share capital and treasury shares

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Own equity instruments which are bought back (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in other equity/ other contributed equity. Voting rights related to treasury shares are cancelled and no provision is made for payment of dividends on treasury shares.

NOTE 3.9 Related-party transactions

A person is considered as a related party if he or she, directly or indirectly, has the possibility to exercise control or influence over another party in connection with financial and operational decisions. Parties are also considered related if they are under control or significant influence. Transactions with related parties are based on the arm's length principle. Loans to certain subsidiaries are considered as part of the Group's net investment. Exchange rate changes related to monetary items (receivables and liabilities) which are a part of the Company's net investment in foreign entities are treated as currency translation differences, and thus entered against equity.

NOTE 3.10 Taxes payable and deferred tax

The tax expense for the period comprises taxes payable and change in deferred tax. However, deferred tax is not recorded if it arises on initial recognition of an asset or liability in a transaction, other than a business combination, that affects neither accounting nor taxable profit or loss on the transaction date.

Deferred tax assets are recognised only to the extent that it is probable that there will be future taxable income against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related tax asset is realised or the deferred tax liability is settled. The provision for deferred tax is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities.

Tax effects on other comprehensive income are separated and presented via other comprehensive income. These include exchange differences on net investments in foreign entities.

NOTE 3.11 Revenue recognition

The Group's revenue includes rental income from the properties. This is recognised in income over the period of the lease. Revenue arising from expenses recharged to tenants is recognised in the period in which the expenses can be contractually recovered. The parent company has revenue from services sold to Group companies and interest income from Group companies. This income is recognised when it is recovered.

NOTE 3.12 Interest income

Interest income is recognised in income as it is earned using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, which is the estimated future cash flow discounted at the original effective interest rate of the instrument. Interest income on impaired loans is recognised using the effective interest rate.

NOTE 3.13 Classification of assets and debt

Current assets and short-term debt maturing within 12 months are classified as current assets or short-term debt. Strategic investments are classified as non-current assets. The next 12 months' portion of long-term debt is presented as short-term.

3.14 Earnings per share

Earnings per share is calculated by dividing net profit by the weighted average number of outstanding shares in the Company during the reporting period. Treasury shares are not included in the calculation.

NOTE 4. Financial risk management

The Group's activities expose it to a variety of financial risks: market, credit and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. The Group has attempted to maintain a policy of having solid tenants who can discharge their obligations even in difficult financial times.

Management identifies and evaluates financial risk, and has policies covering specific areas such as credit risk, currency risk, use of derivative financial instruments and investment of excess liquidity.

NOTE 4.1 Market risk

Investments in Russia are deemed to have high market risk. The climate in the financial market and especially the price of real estate, demand for premises and general rental levels in Russia represents risk, as it will affect the Company's rental income. The Company aims to reduce these types of fluctuation by continuing to require deposits from tenants, typically equivalent to three months' rent. The Company's investments in shares in other property companies is also subject to market risk.

(i) Currency risk

Storm Real Estate is a Norwegian group with its main focus on rental properties in Russia and share investments in the EEA. This exposes the Group to currency risk arising from various currency exposures, primarily with respect to NOK, USD, RUB and DKK. Currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Management has established a policy to mitigate currency risk against the Parent Company's functional currency (USD). The rental lease contracts are exposed to the risks of changes in RUB/USD exchange rates. A sensitivity analysis of the stated factors for the Group's presentation currency and the Parent Company's functional currency (USD) is shown below. If the value of the USD changes relative to other currencies, this will have the following effects on the consolidated financial statements:

000 USD	Effect attributable to profit for 2014	Effect attributable to equity
1% appreciation in USD	+407	-425
1% depreciation in USD	-407	+425

The effect is deemed to be linear, so that a 5% change is five times larger than a change of 1%. A reasonable range for exchange rates in a normal situation would be 0-20%. Exchange rate fluctuations related to the Russian Ruble have also been higher, for example in 2014.

In 2014 the Russian Ruble fell considerably against the USD. Indirect effects resulting from this are that it becomes difficult for tenants in the market to pay their rent in USD. This has an effect on rents and as a result on valuations of investment property. Such effects are indirect and impossible to quantify. The sensitivity analysis above does not contain such indirect effects of a weaker exchange rate.

(ii) Price risk

The Group is exposed to risk concerning property prices and property rental, and the Group has geographically concentrated its activity in Russia. The Group has further indirect exposure to price risk as a result of developments in the financial markets, since these affect the tenants' ability to pay.

Sensitivity analysis for price risk:

000 USD	Effect attributable to profit for 2014
1% rent increase	+127
1% rent decrease	-127

The effect is deemed to be linear, so that a 5% change is five times larger than a change of 1%. Price changes can also affect the valuation of the buildings.

(iii) Interest rate risk on cash flows and fair value

The Company has financed properties with bank loans totalling USD 42.4 million. To reduce the interest rate risk, the Company has entered into interest rate swaps totalling USD 34 million at a weighted average of 2.91% for 6.3 years from 31 December 2012. The table below illustrates the net effect of a change in interest rates of one percentage point.

000 USD	Effect on interest paid (loans)	Effect on interest received (swaps)	Net effect per year
1% increase in interest rate	-416	+340	-76

The fair value of interest rate swaps is measured at the present value of future cash flows in the statement of financial position, and the change in fair values are brought over the income statement. The table below shows the effect a change of one percentage point would have had on the Consolidated statement of total comprehensive income.

000 USD	Effect on interest expenses	Change in PV of interest rate swaps	Effect on equity
1% increase in interest rate	-128	+2.094	+1.966

NOTE 4.2 Credit risk

Credit risk arises on cash and cash equivalents and deposits with banks and financial institutions, as well as outstanding receivables and liabilities. For banks and financial institutions the Group aims to use parties with a good credit rating.

No covenants were broken during 2014, and the Company does not expect significant losses from counterparties in 2015. All new contracts with tenants require a deposit and the rent is partly invoiced in advance. If rent is not paid on time, the Company immediately begins the search for a new tenant.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

NOTE 4.3 Liquidity risk

The Group aims to keep liquidity sufficient to meet its foreseeable obligations as well as securing a reasonable capacity to meet unforeseen obligations. The funding strategy aims to maintain flexibility to seize market opportunities and at the same time withstand fluctuations in income and expenses. At year-end the Group had satisfactory liquid reserves and funding flexibility. Management continuously monitors forecasts of the Group's liquidity reserves.

The Group acquired the Gasfield building in 2007, with approximately 65% LTV financing. The Group also took up a new loan of USD 12 million in 2011 for the refinancing of Grifon House. The Group has an overall LTV ratio of approximately 60% of the market value of the investment properties.

The table below analyses the Group's financial liabilities (borrowing), broken down by maturity (all figures in USD 000).

As at 31 December 2013	0-1 yrs	1-5 yrs	>5 yrs	Total
Repayments of interest-bearing debt (nominal value)	2,606	42,603	0	45,208
Advance payments from tenants	1,550	94	0	1,644
Interest rate swaps (undiscounted)	915	1,213	-567	1,561
Trade payables and other short-term debt	4,522	0	0	4,522
Interest on loans	1,812	4,577	0	6,389
Total	11,404	48,487	-597	59,324

As at 31 December 2014	0-1 yrs	1-5 yrs	>5 yrs	Total
Repayments of interest-bearing debt (nominal value)	2,606	39,997	0	42,603
Advance payments from tenants	912	4	0	916
Interest rate swaps (undiscounted)	837	1,268	13	2,118
Currency forwards	35	0	0	35
Trade payables and other short-term debt	614	0	0	614
Interest on loans	2,184	6,451	0	8,635
Total	7,118	47,721	13	54,921



NOTE 4.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the level of the dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's capital comprises capital invested through investments in investment property and securities, as well as cash and cash equivalents.

The target for long-term return on capital is a minimum of 10%. In 2014 the return on capital measured in dividend-adjusted equity per share was -34.3% measured in Norwegian Kroner.

Solidity

The Group has an acceptable equity ratio. The equity ratio was 40% at 31 December 2014. The equity ratio was 57% at 31 December 2013. The Group has equity ratio requirements in relation to loan agreements and has not been in breach of these as at the reporting date.

NOTE 5 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the present circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the final outcome. The estimates and assumptions that represent a significant risk of material adjustments to the carrying amounts of assets and liabilities within the next financial year are addressed below.

NOTE 5.1 Critical accounting estimates and assumptions

Fair value of investment property

Investment properties are recognised at fair value. A separate valuation is carried out by independent experts in which the properties are assessed using updated macro assumptions (market-based rent rates, discount rates, inflation expectations, economic growth, etc.)

The Company bases the fair value of investment properties on external valuations by independent appraisers. There are multiple methods for assessing the fair value of investment properties. The Group has to date used the discounted cash flow method, which is the present value of estimated future cash flows, using known contractual parameters, as well as expectations for market development. This method is the most widely recognised method for valuation of real estate. See note 6 for more information about the investment properties.

Fair value of derivatives and other financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the transfer date. The quoted market price used for financial assets held by the Group is the current bid price. The Group has instruments for which valuation techniques must be applied to determine fair value. The fair value of embedded derivatives is estimated based on currency forecasts and then calculated using the Black & Scholes model. The fair value of interest rate swaps and forward contracts is calculated by the issuing financial institution as the present value of future estimated cash flows. The carrying amount of trade receivables (face value minus provision for bad debts) and trade payables is not considered to deviate significantly from fair value.

NOTE 6 Investment property

000 USD

	GROUP	
	2014	2013
Fair value of investment properties		
Per 1 January	103,100	102,700
Changes in fair value in the properties' functional currency RUB	17,208	8,220
Translation differences	-50,408	-7,820
Recognition of land plot lease agreements	443	0
Per 31 Desember	70,343	103,100
		KONSERN
	2014	2013
Net Operating Income (NOI) from properties		
Rental income	12,675	12,901
Direct property related costs	2,335	-2,832
Net Operating Income	10,340	10,069
NOI yields based on fair value per 31 December	14,7%	9,8 %

The properties were fully let as of 31 December 2013 and 31 December 2014. The valuation of the investment property as 31 December 2013 and 2014 has been performed by an independent expert valuer, Cushman & Wakefield in Moscow. For both years a discounted cash flow model has been applied. The variables used for valuation are both company specific and market derived. Company specific variables include contractual rental income and expenses. Market derived variables include, inter alia, market rent rates, market discount rates and market capitalisation rates. Also see note 5 for critical accounting estimates and assumptions.

	Moscow		St. Petersburg	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Independent valuer's valuation parameters				
Discount rates	12,5 %	11,0 %	14,0 %	12,0 %
Capitalisation rates *	11,5 %	10,0 %	12,0 %	10,0 %
Market rental rates, \$/sq.m	530	700	200	400
Estimated rent growth year 1	0,0 %	3,0 %	0,0 %	2,0 %
Estimated rent growth year 2	0,0 %	3,0 %	0,0 %	2,0 %
Estimated rent growth year 3	2,5 %	3,0 %	2,0 %	2,0 %
Estimated rent growth year 4	2,5 %	3,0 %	2,0 %	2,0 %
Estimated rent growth year 5	2,5 %	3,0 %	2,0 %	2,0 %

* Yield expresses the relation between rental income and property value.

Sensitivity analysis at 31 December 2014, million USD	GROUP
Effect of an increase in discount rates of 1%	-1,4
Effect of an increase in capitalisation rates of 1%	-3,0

Summary of significant contracts

In the Gasfield building in Moscow, the anchor tenant is LLC Gazprom Tsentrremont who rents around 77% of the lettable area. Storm Real Estate has established a framework for a long-term tenancy with a annual renewal. In April 2014, Storm Real Estate ASA signed an extension to the contract for an additional 11 months until March 2015. In March 2015, Storm Real Estate ASA signed an extension for an additional 11 months until February 2016 with adjusted terms.

The Grifon House building in St. Petersburg is let to LLC PSI. The contract is divided in two separate agreements. In 2014, Storm Real Estate ASA signed an extension of both contracts for another 10 years, where one agreement now expires 31 December 2024 and one 30 April 2025. The agreements include break clauses.

Specification of tenants representing more than 10% of the group's income	2014	2013
LLC Gazprom Tsentrremont	8,337	8,459
LLC PSI	2,708	2,987



NOTE 7 Group companies and investment in subsidiaries

000 USD

Group company	Location	Formed/ Acquired	Ownership
OOO Martex	Russia	2007	100%
CJSC Grifon	Russia	2009	100%
Tiberton Yard Ltd	Cyprus	2007	100%
Tiberton Yard Holding 2 Ltd	Cyprus	2008	100%
Tiberton Yard Finance Ltd	Cyprus	2008	100%
Gasor Consulting Ltd	Cyprus	2008	100%
Pete Ltd	Cyprus	2008	100%
Storm Real Estate Ltd	Cyprus	2009	100%

NOTE 8 Property, plant & equipment

000 USD

	Computers and telephony	Sum	Computers and telephony	Sum
Historic cost	2014	2014	2013	2013
At 1 January	184	184	193	193
Additions	35	35	2	2
Disposals	-57	-57	-11	-11
At 31 December	162	162	184	184
Depreciation and impairment				
At 1 January	-179	-179	-172	-172
Depreciation this period	-7	-7	-18	-18
Write-downs this period	57	57	11	11
At 31 December	-129	-129	-179	-179
Net book value 31 December	33	33	5	5

There are no fixed assets in the parent company. Exchange differences have been included in disposals and depreciations. PP&E are recognised at historic cost. Computers & telephony is computers and telephony equipment, depreciated straight line over the lifespan of the assets (3 years for computers and 7 years for telephone equipment).

NOTE 9 Tenancy agreements

000 USD

	31.12.2014	GROUP 31.12.2013
Future minimum rents receivable under non-cancellable contracts are as follows:		
Within 1 year	5,407	6,706
Between 1 and 5 years	1,110	1,957
Over 5 years	0	0
Sum	6,541	8,663

NOTE 10 Other financial assets and liabilities

000 USD

	31.12.2014	31.12.2013
Financial investments		
Held-for-trading investments: quoted equity shares	14,192	12,176
Held-for-trading investments: quoted bonds	1,312	0
Held-for-trading investments: fund investments	6,987	16,223
Sum financial investments	22,490	28,400
Derivative assets not designated as hedges	31.12.2014	31.12.2013
Embedded derivatives	0	14
Forward currency contracts	0	39
Sum derivative assets not designated as hedges	0	53
Total other financial assets	22,490	28,453
Derivative liabilities not designated as hedges	31.12.2014	31.12.2013
Foreign exchange forward contracts	-35	0
Interest rate swaps	-1,951	-1,011
Land plot leases	-443	0
Sum derivative liabilities not designated as hedges	-2,429	-1,011
Total other financial liabilities	-2,429	-1,011
Interest bearing loans	31.12.2014	31.12.2013
Interest bearing loans	42,438	44,970
Total interest bearing loans	42,438	44,970

Embedded derivatives

The embedded financial derivative occurs as a result of currency fluctuations between RUB and USD. Most of the tenancy lease agreements include a clause with a minimum exchange rate for the rental payments (see Note 4). The fair value of this asset is estimated based on currency forecasts, followed by calculations using the Black & Scholes model.

Interest rate swaps

The parent company has entered into interest swap agreements which fixes the interest on parts of the loan. Fair values of the interest swaps are calculated based on expectations on future cash flows with today's interest rates and the yield curve over the remaining fixed period.

NOTE 11 Fair value hierarchy

000 USD

The below table shows an analysis of fair values of assets and liabilities in the group, grouped by level in the fair value hierarchy, which either are measured at fair value or where information about the fair value is provided.

Level 1 - Quoted prices in active markets that the entity can access at the measurement date.

Level 2 - Use of a model with inputs other than level 1 that are directly or indirectly observable market data.

Level 3 - Use of a model with inputs that are not based on observable market data.

Assets measured at fair value	Level 1	Level 2	Level 3	Sum
Investment property (*)	0	0	70,343	70,343
Held-for-trading investments: quoted equity shares	14,192	0	0	14,192
Held-for-trading investments: quoted bonds	1,312	0	0	1,312
Held-for-trading investments: fund investments	6,987	0	0	6,987
Embedded derivatives	0	0	0	0
Sum financial assets measured at fair value	22,490	0	70,343	92,833
Liabilities measured at fair value	Nivå 1	Nivå 2	Nivå 3	Sum
Interest bearing loans	0	42,603	0	42,603
Foreign exchange forward contracts	0	35	0	35
Interest rate swaps	0	1,951	0	1,951
Sum financial liabilities measured at fair value	0	44,589	0	44,589

(*) See Note 6 for information regarding fair value of investment properties

Comparison by class

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statement.

	<u>Carrying amount</u>		<u>Fair value</u>	
Financial assets				
Trade receivables	7	13	7	13
Other receivables	504	625	504	625
Derivative financial assets at fair value through profit or loss	0	53	0	53
Held-for-trading financial investments	22,490	28,400	22,490	28,400
Cash and short-term deposits	3,922	6,362	3,922	6,362
Sum	26,924	35,453	26,924	35,453
Financial liabilities				
Interest-bearing loans and borrowings	42,438	44,970	42,603	45,208
Trade liabilities	106	95	106	95
Other short-term liabilities	2,662	4,426	2,662	4,426
Land plot leases	443	0	443	0
Derivative financial liabilities at fair value through profit or loss	1,986	1,011	1,986	1,011
Sum	47,635	50,502	47,800	50,740

NOTE 12 Bank loan

000 USD

			GROUP	
Interest bearing borrowings at amortised cost	Interest	Maturity	31.12.2014	31.12.2013
Secured bank loan I	LIBOR + margin	2018	31,353	33,705
Secured bank loan II	LIBOR + margin	2016	11,086	11,264
Sum interest bearing borrowings at amortised cost			42,438	44,970

			GROUP	
Interest bearing borrowings at amortised cost			31.12.2014	31.12.2013
Secured bank loan, non-current portion			39,833	42,364
Secured bank loan, current portion			2,606	2,606
Sum interest bearing borrowings			42,438	44,970

Nominal value:

The nominal value of bank loan I as of 31 December 2014 was 31.443 and as of 31 December 2013 was 33.808.
The nominal value of bank loan II as of 31 December 2014 was 11.160 and as of 31 December 2013 was 11.400.

Security:

The investment properties are pledged as security for the bank loan, book value USD 70.343
Bank loan I is financing of the Gasfield property and Bank loan II is financing of the Grifon property.

Interest margin:

The interest on the loan is calculated based on 3 month USD LIBOR plus the following margins:

	<u>Bank loan I:</u>	<u>Bank loan II:</u>
For loan to value up to 50%	4,50%	-
For loan to value up to 55%	4,75%	-
For loan to value up to 60%	5,00%	4,25%
For loan to value up to 65%	5,50%	4,75%
For loan to value up to 70%	6,00%	5,50%
For loan to value over 70%	8,00%	7,50%

The company has in 2014 renegotiated terms for Bank loan I in accordance with the original agreement from 2008.
The terms above are new terms from 1 April 2014.

Bank loan:

The principal on the loans are repaid according to the following schedule:

Bank loan I:

Year 1-2 from start date: 1,5% of balance per year
Year 3-4 from start date: 3,0% of balance per year
Year 5-10 from start date: 5,7% of balance per year
Repayment of residual at the maturity of the loan period.

Bank loan II:

Year 1-5 from start date: USD 240 K per year
Repayment of residual at the maturity of the loan period.

Covenants:

The Company has not been in breach of the loan covenants at the reporting date.

NOTE 13 Other receivables

000 USD

Other receivables	31.12.2014	31.12.2013
Taxes receivable	221	420
Prepayments	190	110
Other receivables	92	96
Trade receivables	7	13
Sum other receivables	510	639

No trade receivables were overdue as of 31 December 2014 or 31 December 2013.
The Russian entities have income tax and VAT receivable related to previous years.

NOTE 14 Finance income and costs

000 USD

	GROUP	
	2014	2013
Finance income		
Interest income	172	253
Changes in fair value, held-for-trading financial investments	2,667	2,432
Changes in fair value, financial derivatives over profit and loss	0	3,573
Other finance income	78	1,057
Sum finance income	2,917	7,314
Finance costs		
Interest costs from loans measured at amortised cost	-3,069	-2,887
Changes in fair value, financial derivatives over profit and loss	-958	-75
Changes in fair value, held-for-trading financial investments	0	-1,059
Other finance costs	-218	-145
Sum finance costs	-4,245	-4,166
Foreign exchange gains and losses		
Foreign exchange gains	2,259	2,365
Foreign exchange losses	-4,618	-2,023
Sum foreign exchange gains and losses	-2,359	342
Net finance gains (losses)	-3,689	3,490

NOTE 15 Other operating expenses

000 USD

	2014	2013
Other operating expenses		
Management fees	1,512	1,555
Legal, agency and consultancy fees	27	116
Auditors	315	253
Other operating expenses	430	414
Bad debts	0	9
Depreciation	7	18
Sum other operating expenses	2,291	2,365
Auditor fees <i>(auditor fees are quoted excl. vat)</i>		
Audit fees	166	166
Other services	149	87
Sum auditor expenses	315	253

NOTE 16 Personnel costs

000 USD

	2014	2013
Personnel costs		
Salaries and bonuses	456	502
Board fees	109	161
Social security taxes	90	86
Sum personnel costs	656	749
Number of employees	6	6
Average number of employees	6	6

There are no pension schemes in the group. There are no employees in the Norwegian parent company, and therefore no obligation for the Norwegian mandatory pension scheme (OTP).

The company does not have employed management, but is managed by Storm Capital Management Ltd on a asset management contract. For this the company has paid a management fee of 1.512 in 2014 (2013: 1.555).

Also see note 8 to the parent company's accounts for a list of board fees.

NOTE 17 Other current liabilities

000 USD

	2014	2013
Taxes payable	463	590
Advance rents received	912	1,550
Other current liabilities	261	271
Sum other current liabilities	1,637	2,411

NOTE 18 Income tax

000 USD

Consolidated income statement	2014	2013
Current income tax	2,767	3,464
Movement in deferred tax	1,914	3,928
Movement in deferred tax due to changes in tax rates	0	83
Sum income tax	4,681	7,475

The tax on the group's profit before tax differs from the theoretical amount as follows	2014	2013
Profits before tax	20,912	18,665
Tax at domestic tax rates applicable to respective countries	5,484	5,002

Tax effects of:

FX variations between functional currency and tax currency	-419	1,797
Income not subject to tax	-1,651	-533
Expenses not deductible for tax purposes	0	604
Withholding tax from foreign entities at different tax rate	361	200
Tax losses for current year not recognised	905	463
Recognition of earlier years' non-recognised deferred tax	0	-58
Sum income tax	4,681	7,475

NOTE 19 Deferred tax

000 USD

Deferred tax reversal	2014	2013
Deferred tax asset reversed in less than 12 months	0	0
Deferred tax liabilities reversed in more than 12 months	10,824	9,522
Net deferred tax liability	10,824	9,522

Movement in deferred tax	2014	2013
Per 1 January	9,522	5,702
Charged over income statement in the period	1,914	3,928
Charged over comprehensive income in the period	-612	-108
Deferred tax liability as per 31 December	10,824	9,522

NOTE 19 Deferred tax (continued)

Movements in deferred tax (without netting of assets and liabilities)

000 USD

Deferred tax assets	C/forward losses	Receivables	Non current assets	Other	Sum
31 December 2012	0	0	0	1,766	1,766
Period movement	0	0	0	0	0
31 December 2013	0	0	0	1,766	1,766
Period movement	0	0	0	-1,190	-1,190
31 December 2014	0	0	0	577	577
Deferred tax					
31 December 2012	0	-1,504	-5,805	-161	-7,471
Period movement	0	-1,065	-1,571	-1,183	-3,820
31 December 2013	0	-2,569	-7,376	-1,344	-11,290
Period movement	0	0	864	-976	-112
31 December 2014	0	-2,569	-6,512	-2,320	-11,402
Net deferred tax liabilities 2013	0	-2,569	-7,376	423	-9,522
Net deferred tax liabilities 2014	0	-2,569	-6,512	-1,743	-10,823

PP&E consists predominately of investment property.

The Group has tax losses of 603 (2013: 600) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may only be used to offset taxable profits of certain companies in the Group, and there is uncertainty connected to future profits.

NOTE 20 Earnings per share

000 USD

Ordinary earnings per share	2014	2013
Net profit attributable to ordinary equity holders of parent company (000 USD)	16,234	11,190
Weighted average number of shares	18,355,116	18,685,315
Net profit per share attributable to ordinary equity holders (1 USD)	0.88	0.60
Total comprehensive income per share	2014	2013
Total comprehensive income (000 USD)	-34,244	3,142
Weighted number of shares	18,355,116	18,685,315
Total comprehensive income per share (1 USD)	-1.87	0.17

NOTE 21 Related party transactions

The Group has a management agreement with Storm Capital Management Ltd. and Storm Capital Partners Ltd. on Asset Management and administrative services. Board member Morten E. Astrup and Managing director Erik M Mathiesen are shareholders in Storm Capital Partners Ltd.

According to the management agreement the fee is split with 25% payable to Storm Capital Partners Ltd and 75% to Storm Capital Management. The fee is calculated based on 2% of value-adjusted equity, calculated annually at 31 December and adjusted for changes in capital.

000 USD

Transactions with related parties	2014	2013
Storm Capital Management Ltd.	1,215	1,252
Storm Capital Partners Ltd.	378	389
Total related party transactions	1,593	1,641
Investments in fund managed by Storm Capital Management Ltd	2014	2013
Storm Bond Fund	6,987	16,223
Sum	6,987	16,223

The balance againts related parties other than group companies were nil as of 31 December 2014 and 31 December 2013.

NOTE 22 Shareholder capital and shareholders

Information regarding this aspect is included in the note regarding the parent company. See note 12 in the financial statement of Storm Real Estate ASA.

NOTE 23 Operating segments

See note 2.5 for a description of the company's operating segments.

The segment investment property in Russia contains elements from several group companies, e.g. borrowing costs and hedging derivatives which are from the parent company.

000 USD

Segment profits	Real estate shares	Property Russia	Other	Sum
Operating income	0	12,675	0	12,675
Direct property related expenses	0	-2,342	0	-2,342
Indirect administration costs	0	-691	-2,248	-2,940
Value change investment property measures in local currency RUB	0	17,208	0	17,208
Operating profit	0	26,850	-2,248	24,602
Finance income	3,220	79	-382	2,917
Financ costs	0	-4,053	-192	-4,245
Net currency income / costs	-2,116	45	-288	-2,358
Earnings before tax	1,104	22,921	-3,110	20,915
Tax	0	-6,454	1,773	-4,681
Annual profit	1,104	16,467	-1,336	16,234
Other comprehensive income	0	-50,478	0	-50,478
Total Comprehensive Income	1,104	-34,011	-1,336	-34,244
Assets and Liabilities	Real estate shares	Property Russia	Other	Sum
Assets	14,192	71,984	11,123	97,298
Liabilities	0	54,720	3,794	58,514
Net asset values	14,192	17,264	7,329	38,784

STATEMENT OF COMPREHENSIVE INCOME

Storm Real Estate ASA

For the period 1 January - 31 December

All numbers in 000 USD	Note	2014	2013
Other income		384	354
Total income		384	354
Personnel expenses	8	124	178
Other operating expenses	7	2,016	2,027
Total operating expenses		2,140	2,205
Operating profit (loss) before fair value adjustments		-1,757	-1,852
Finance revenues	6	10,501	13,910
Finance expenses	6	-33,116	-4,142
Currency exchange gains (losses)	6	-2,175	1,016
Net financial gains (losses)		-24,791	10,783
Earnings before tax (EBT)		-26,547	8,932
Income tax expense	10	3,118	4,207
Profit (loss) for the period		-29,665	4,725
Other comprehensive income:			
Exchange differences on net investments in foreign operations		0	0
Tax effects on exchange differences on net investments		0	0
Translation differences from foreign operations		0	0
Other comprehensive income, net of tax		0	0
Total Comprehensive income for the period		-29,665	4,725

STATEMENT OF FINANCIAL POSITION

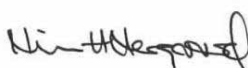
Storm Real Estate ASA

per 31 December

Alle tall i 000 USD	Note	31.12.2014	31.12.2013
ASSETS			
Non-current assets			
Investment in subsidiaries	2	5	14
Financial derivative assets	3	14,192	12,176
Loans to subsidiaries	13	79,556	92,268
Total non-current assets		93,752	104,458
Current assets			
Receivables from group companies	13	0	25,886
Financial investments	3	1,312	0
Other receivables	5	58	56
Cash and cash equivalents		1,098	1,358
Total current assets		2,468	27,300
TOTAL ASSETS		96,220	131,758
EQUITY AND LIABILITIES			
Paid-in equity			
Ordinary shares	12	1,236	1,296
Share premium		21,036	21,036
Treasury shares	12	0	-50
Other paid-in equity		56,763	61,734
Total paid-in equity		79,035	84,016
Other equity			
Other equity		-32,790	-2,700
Total other equity		-32,790	-2,700
TOTAL EQUITY		46,245	81,316
Liabilities			
Non-current liabilities			
Loans from credit institutions	4	39,833	42,364
Deferred tax liabilities	10	4,345	2,192
Other long-term liabilities	3	1,986	1,011
Total non-current liabilities		46,164	45,567
Current liabilities			
Trade liabilities		52	47
Corporate tax payable	10	964	2,015
Loans from credit institutions	4	2,606	2,606
Other short-term liabilities	9	190	208
Total current liabilities		3,811	4,876
TOTAL LIABILITIES		49,975	50,443
TOTAL EQUITY AND LIABILITIES		96,220	131,758

Oslo, 16 April 2015

The Board of Directors and General Manager of Storm Real Estate ASA


Stein Aukner
Chairman

Nini E.H. Nergaard
Board Member

Kim Mikkelsen Board
Board Member

Morten E. Astrup
Board Member

Christopher W. Ihlen
Board Member

Erik M. Mathiesen
General Manager

STATEMENT OF CASH FLOWS

For the period 1 January - 31 December

Storm Real Estate ASA

All numbers in 000 USD	Note	2014	2013
Cash Flow from operational activities			
Earnings before tax		-26,547	8,932
<i>Adjusted for:</i>			
finance income	6	-10,501	-13,910
finance expenses	6	33,116	4,142
net currency gains		4,056	-540
Cash Flow before changes in working capital		124	-1,376
<i>Change in working capital:</i>			
trade receivables and other receivables		9,541	7,222
trade payables and other payables		-53	-508
paid taxes		-1,815	-164
Net cash flow from operational activities		7,797	5,173
Net cash flow from investment activities			
Payments out for financial investments		1,246	-11,967
Payments in for financial investments		-3,784	5,528
Interest received		5,532	9,675
Net cash flow from financing activities		2,995	3,236
Cash flow from financing activities			
Repayment of loans	4	-2,544	-2,567
Net purchase of treasury shares	12	-434	-2,239
Dividends paid		-4,948	-3,153
Interest paid		-3,083	-3,046
Net cash flow from financing activities		11,009	-11,004
Net change in cash and cash equivalents		-218	-2,595
Carried forward cash and cash equivalents		1,358	4,001
Currency exchange variation on cash and cash equivalents		-42	-47
Cash and cash equivalents at end of period		1,098	1,358
Including restricted cash and deposits		372	372

STATEMENT OF CHANGES IN EQUITY

For the period 1 January - 31 December

Storm Real Estate ASA

	Paid-in equity				Other equity	Total equity
	Share capital	Share premium	Other paid-in equity	Treasury shares	Retained earnings	
1 January 2013	1,296	21,036	61,732	-1	-2,051	82,014
Net purchase of treasury shares				-49	-2,190	-2,239
Profit (loss) for the period					4,725	4,725
Dividends					-3,184	-3,184
Total	0	0	0	-49	-650	-698
31 December 2013	1,296	21,036	61,732	-50	-2,700	81,316
1 January 2014	1,296	21,036	61,732	-50	-2,700	81,316
Net purchase of treasury shares				-10	-424	-434
Deletion of treasury shares	-60			60	0	0
Profit (loss) for the period					-29,665	-29,665
Dividends			-4,971			-4,971
Total	-60	0	-4,971	50	-30,089	-35,070
31 December 2014	1,236	21,036	56,761	0	-32,789	46,245

NOTES STORM REAL ESTATE ASA

NOTE 1 Accounting Principles

Storm Real Estate ASA is a public limited liability company registered in Norway. Its head office is at Dronning Mauds gate 3, Oslo. Storm Real Estate ASA uses a simplified version of IFRS as accounting principle. There are no material effects in comparison with ordinary IFRS principles used in the Group. Also see note 3 to the consolidated accounts for further information on accounting principles.

Subsidiaries and investments in related companies are recognised as cost. Investments are recognised at cost for investments in subsidiaries unless there have been impairment of the values. A write-down to fair value will be done if the impairment is not considered temporary and impairment is considered required by IFRS. Write-downs will be reversed if the requirement for impairment is no longer present.

NOTE 2 Investment in subsidiaries

000 USD

SRE ASA investment in subsidiaries	Location	Formed/ aquired	Ownership	Equity 31.12.2014	Book value SRE ASA 2014	Book value SRE ASA 2013
Storm Real Estate Ltd	Cyprus	2009	100%	-55	1	1
Tiberton Yard Finance Ltd	Cyprus	2008	100%	-8,360	3	3
Sum				-8,415	5	5

NOTE 3 Other financial assets and liabilities

000 USD

Financial investments	31.12.2014	31.12.2013
Held-for-trading investments: stocks	14,192	12,176
Held-for-trading investments: quoted equity bonds	1,312	0
Sum financial investments	15,503	12,176
Derivative assets not designated as hedges	31.12.2014	31.12.2013
Foreign exchange forward contracts	0	39
Sum derivative assets not designated as hedges	0	39
Total other financial assets	15,503	12,215
Derivative liabilities not designated as hedges	31.12.2014	31.12.2013
Interest rate swaps	-1,951	-1,011
Sum derivative liabilities not designated as hedges	-1,951	-1,011
Total other financial liabilities	-1,951	-1,011
Interest bearing loans	31.12.2014	31.12.2013
Interest bearing loans	42,438	44,970
Total interest bearing loans	42,438	44,970

Interest rate swaps

The parent company has entered into interest swap agreements which fixes the interest on parts of the loan. Fair values of the interest swaps are calculated based on expectations on future cash flows with today's interest rates and the yield curve over the remaining fixed period. The company does not use hedge accounting.

NOTE 4 Fair value hierarchy

The below table shows an analysis of fair values of assets and liabilities in the parent company, grouped by level in the fair value hierarchy, which either are measured at fair value or where information about the fair value is provided.

Level 1 - Quoted prices in active markets that the entity can access at the measurement date.

Level 2 - Use of a model with inputs other than level 1 that are directly or indirectly observable market data.

Level 3 - Use of a model with inputs that are not based on observable market data.

000 USD

Sum financial assets measured at fair value	Level 1	Level 2	Level 3	Sum
Held-for-trading investments: quoted equity shares	14,192	0	0	14,192
Held-for-trading investments: quoted equity bonds	1,312	0	0	1,312
Sum financial assets measured at fair value	15,503	0	0	15,503

Liabilities measured at fair value	Level 1	Level 2	Level 3	Sum
Interest bearing borrowings	0	42,603	0	42,603
Interest rate swaps	0	1,951	0	1,951
Sum financial liabilities measured at fair value	0	44,554	0	44,554

Interest bearing borrowings at amortised cost	Interest	Maturity	31.12.2014	31.12.2013
Secured bank loan I	LIBOR + margin	2018	31,353	33,705
Secured bank loan II	LIBOR + margin	2016	11,086	11,264
Sum interest bearing borrowings at amortised cost			42,438	44,970

Interest bearing borrowings at amortised cost	31.12.2014	31.12.2013
Secured bank loan, long-term portion	39,833	42,364
Secured bank loan, short-term portion	2,606	2,606
Sum interest bearing borrowings	42,438	44,970

Nominal value:

The nominal value of bank loan I as of 31 December 2014 was 31.443 and as of 31 December 2013 was 33.808.

The nominal value of bank loan II as of 31 December 2014 was 11.160 and as of 31 December 2013 was 11.400.

Security:

The investment properties are pledged as security for the bank loan, book value USD 70.343.

Bank loan I is financing of the Gasfield property and Bank loan II is financing of the Grifon property.

Interest margin:

The interest on the loan is calculated based on 3 month USD LIBOR plus the following margins:

	<u>Bank loan I:</u>	<u>Bank loan II:</u>
For loan to value up to 50%	4,50%	-
For loan to value up to 55%	4,75%	-
For loan to value up to 60%	5,00%	4,25%
For loan to value up to 65%	5,50%	4,75%
For loan to value up to 70%	6,00%	5,50%
For loan to value over 70%	8,00%	7,50%

The company has in 2014 renegotiated terms for Bank loan I in accordance with the original agreement from 2008.

The terms above are new terms from 1 April 2014.

Bank loan:

The principal on the loans are repaid according to the following schedule:

Bank loan I:

Year 1-2 from start date: 1,5% of balance per year

Year 3-4 from start date: 3,0% of balance per year

Year 5-10 from start date: 5,7% of balance per year

Repayment of residual at the maturity of the loan period.

Bank loan II:

Year 1-5 from start date: USD 240 K per year

Repayment of residual at the maturity of the loan period.

Covenants:

The Company has not been in breach of the loan covenants at the closing date.

NOTE 5 Trade and other receivables

000 USD

Other receivables	31.12.2014	31.12.2013
Taxes receivable	16	10
Other receivables	42	47
Sum other receivables	58	56

NOTE 6 Finance income and costs

000 USD

Finance income	2014	2013
Interest income	49	92
Changes in fair value, held-for-trading financial investments	3,179	0
Changes in fair value, financial derivatives over profit and loss	0	3,582
Interest gains from subsidiaries	7,272	10,227
Other finance revenues	1	8
Sum finance income	10,501	13,910

Finance costs	2014	2013
Interest costs from loans measured at amortised cost	-3,058	-2,876
Changes in fair value, financial derivatives over profit and loss	-940	-73
Changes in fair value, held-for-trading financial investments	0	-1,059
Provision for losses on intra-group receivables *)	-29,055	0
Other finance costs	-63	-134
Sum finance costs	-33,116	-4,142

Foreign exchange gains and losses	2014	2013
Foreign exchange gains	1,913	2,018
Foreign exchange losses	-4,089	-1,003
Sum foreign exchange gains and losses	-2,175	1,016

Net finance gains (losses)	-24,791	10,783
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*) The parent company has made a provision for losses on intra-group receivables from group companies. As a consequence of reduced valuations on the Group's investment property in Russia, the company's subsidiaries are not considered capable of meeting their liabilities towards the parent company.

NOTE 7 Other operating expenses

000 USD

Other operating expenses	2014	2013
Management fees	1,512	1,555
Legal, agency and consultancy fees	27	116
Auditors	218	127
Other operating expenses	259	230
Sum other operating expenses	2,016	2,027

Auditor fees	2014	2013
Audit fees	70	54
Other services	148	73
Sum auditor expenses	218	127

NOTE 8 Personnel costs

000 USD

Personnel costs	2014	2013
Board fees	109	161
Social security taxes	16	17
Sum personnel costs	124	178

The parent company did not have any employees in 2013 or 2014 and therefore no pension scheme.

000 NOK

Board fees (incl fees for board committees) paid out in the year	2014	2013
Stein Aukner, chairman of the board	290	290
Morten E. Astrup	0	0
Christopher W Ihlen	125	125
Fredrikke Aaeng	165	165
Nini H. Nergaard	125	125
Kim Mikkelsen	165	165
Sum board fees	870	870

Board fees for 2013-2014:

Chairman of the board: 250,000 NOK

Board members: 125,000 NOK

Audit committee 40,000 NOK

Board fees for 2014-2015 are subject to approval by the Annual General Meeting in May 2015.

NOTE 9 Other current liabilities

000 USD

	2014	2013
Liabilities, group companies	0	0
Other current liabilities	190	208
Sum other current liabilities	190	208

NOTE 10 Income tax

000 USD

Income statement	2014	2013
Current income tax	964	2,015
Movement in deferred tax	2,154	2,109
Movement in deferred tax due to changes in tax rates	0	83
Sum income tax	3,118	4,207
Basis for taxation, parent company	2014	2013
Earnings before tax in functional currency USD	-26,547	8,932
FX variations between functional currency and tax currency	12,521	6,416
Income and expenses not subject to taxation	25,573	-122
Movement in temporary differences	-7,976	-8,326
Movement in tax rates for temporary differences	0	307
Utilisation of retained losses	0	0
Basis for taxation	3,571	7,207
Tax payable	964	2,015

NOTE 11 Deferred Tax

000 USD

Temporary differences, parent company	31.12.2014	31.12.2013	Change
Financial liabilities	2,069	1,011	1,058
Receivables	-18,163	-9,129	-9,034
Sum temporary differences	-16,094	-8,117	-7,976
Tax rate	27%	27%	27%
Deferred tax	-4,345	-2,192	-2,154

NOTE 12 Share Capital and shareholders

000 USD

Share capital and nominal value	31.12.2014	31.12.2013
Shares issued	18,345,623	19,224,922
Nominal amount	0,40	0,40
Share capital	7,338,249	7,689,969

All shares are fully paid. There is only one share class. All shares have equal rights.

Treasury shares	2014	2013
Per 1 January	721,799	21,799
Purchased in the period	0	700,000
Deleted in the period	-721,799	0
Per 31 December	0	721,799
Average no of treasury shares in the period	296,455	539,607

The shares in 2013 were acquired at a total of USD 2,239K (including commission).

The purpose of the purchase of treasury shares is to provide flexibility in terms of financing possible acquisitions and other transactions.

NOK

20 largest shareholders as of 31 December 2014	Type	Country	Shares	%
SKANDINAVISKA ENSKILDA BANKEN AB	NOM	SWEDEN	2,767,604	15,1 %
ACONCAGUA MANAGEMENT LTD		LUXEMBOURG	2,689,207	14,7 %
SKANDINAVISKA ENSKILDA BANKEN AB	NOM	UK	1,100,000	6,0 %
DEUTSCHE BANK AG	NOM	UK	709,759	3,9 %
J.P. MORGAN CHASE BANK N.A. LONDON	NOM	UK	639,866	3,5 %
AS BJØRGVIN			579,675	3,2 %
AS BANAN			476,338	2,6 %
FINANSFORBUNDET			416,650	2,3 %
ØRN NORDEN AS			348,060	1,9 %
AUBERT VEKST AS			340,000	1,9 %
STORM CAPITAL PARTNERS LTD.		LUXEMBOURG	258,855	1,4 %
TDL AS			182,250	1,0 %
ALLUM GERD NINNI			181,250	1,0 %
MOTOR-TRADE EIENDOM OG FINANS AS			180,000	1,0 %
LANGBERG INGRID MARGARETH			173,750	0,9 %
ALBION HOLDING AS			155,250	0,8 %
SVENSKA HANDELSBANKEN AB FOR PB	NOM		150,000	0,8 %
SKARET INVEST AS			125,000	0,7 %
CACEIS BANK LUXEMBOURG	NOM	LUXEMBOURG	110,035	0,6 %
S. UGELSTAD INVEST AS	NOM	LUXEMBOURG	106,095	0,6 %
OTHER SHAREHOLDERS			6,655,979	36,3 %
Sum			18,345,623	100,0 %

* NOM = Nominee investor owning shares on behalf of clients.

The shareholder list shows the shareholder register from VPS as at 31 December 2014. Any trades via brokers before the closing date which is registered after the closing date is not reflected in the shareholder list.

Shares held by board members	Shares	%
Morten E. Astrup via Aconcagua, Storm Nordic Fund, Ørn Norden AS, Storm Partners Ltd	4,396,122	24.0 %
Kim Mikkelsen via Strategic Investments A/S	2,767,604	15.1 %
Stein Aukner via Banan AS and Aukner Holding AS	501,338	2.7 %
Christopher W. Ihlen via Kevlar AS	12,500	0.1 %
Sum	7,677,564	41.8 %

Shares held by management

Management hold indirect holdings in the company by means of investments in Storm Nordic Fund and Storm Capital Partners Ltd. This relates to Erik M Mathiesen (General Manager) and Einar Pedersen (CFO).

NOTE 13 Related party transactions

The Group has a management agreement with Storm Capital Management Ltd. and Storm Capital Partners Ltd. on Asset Management and administrative services. Board member Morten E. Astrup and Managing director Erik M Mathiesen are shareholders in Storm Capital Partners Ltd.

According to the management agreement the fee is split with 25% payable to Storm Capital Partners Ltd and 75% to Storm Capital Management. The fee is calculated based on 2% of value-adjusted equity, calculated annually at 31 December and adjusted for changes in capital.

	USD	
Transactions with	2014	2013
Storm Capital Management Ltd,	1,215	1,252
Storm Capital Partners Ltd	378	389
Tiberton Yard Ltd	384	354
Sum related party transactions	1,977	1,994

The balance againts related parties other than group companies were nil as of 31 December 2014 and 31 December 2013. The parent had the following balances against group companies:

Current receivables	31.12.2014	31.12.2013
Tiberton Yard Finance Ltd	25,905	23,210
Tiberton Yard Ltd	84	460
Tiberton Yard Holding 2 Ltd	42	40
Storm Real Estate Ltd	60	57
Pete Ltd	2,285	2,118
Sum current receivables from related parties	28,377	25,886
Provision for losses, intra-group receivables	-28,377	0
Net book value, current receivables from related parties	0	25,886

Non-current receivables	31.12.2014	31.12.2013
Tiberton Yard Finance Ltd	67,500	67,500
Tiberton Yard Ltd	4,573	16,606
Pete Ltd	8,162	8,162
Sum non-current receivables from related parties	80,235	92,268
Provision for losses, intra-group receivables	-678	0
Net book value, non-current receivables from related parties	79,556	92,268



STATEMENT BY THE BOARD OF DIRECTORS AND GENERAL MANAGER

The Board of Directors and the General Manager have today reviewed and approved the Board of Directors' report and the consolidated and separate financial statements for Storm Real Estate ASA and the Group for the 2014 calendar year as at 31 December 2014.

The consolidated financial statements have been prepared in accordance with IFRSs and related interpretations as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act and generally accepted accounting principles in Norway as at 31 December 2014. The Board of Directors' report for the Group and the Parent Company complies with the requirements in the Norwegian Accounting Act and Norwegian accounting standard no 16, as at 31 December 2014.

To the best of our knowledge:

- the consolidated financial statements and the Parent Company financial statements for 2014 have been prepared in accordance with applicable accounting standards;
- the consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and loss as a whole as of 31 December 2014 for the group and the parent company
- the Board of Directors' report provides a true and fair view of:
 - the development, results and position of the Group and the Parent Company
 - the principal risks and uncertainties to which the Group and the Parent Company are subject.

Oslo, 16 April 2015

The Board of Directors and General Manager of Storm Real Estate ASA

Stein Aukner
Chairman

Nini E.H. Nergaard
Board Member

Kim Mikkelsen Board
Board Member

Morten E. Astrup
Board Member

Christopher W. Ihlen
Board Member

Erik M. Mathiesen
General Manager



AUDITOR'S REPORT



Statsautoriserte revisorer
Ernst & Young AS

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To the Annual Shareholders' Meeting of
Storm Real Estate ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Storm Real Estate ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2014, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Managing Director's responsibility for the financial statements

The Board of Directors and Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Storm Real Estate ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Managing Director have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 16 April 2015
ERNST & YOUNG AS

Asbjørn Rødal
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)







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