



ANNUAL REPORT 2015







STORM REAL ESTATE ASA ANNUAL REPORT 2015

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SUMMARY 2015

(all figures in USD)

2015 was another poor year for Storm Real Estate, and the past two years have been very challenging. The oil price has continued to fall in the last year. This weakened the economy in Russia and led to a fall in the value of our buildings. Storm Real Estate recorded a decrease in value of 19.0 million on real estate in Russia in 2015. Total comprehensive income for the year was -16.8 million in 2015 compared with -34.2 million in 2014. Operating profit from the properties in Russia fell from 10.3 million to 8.7 million.

In 2015 the Group disposed of a building in St Petersburg. The estimated annualized return for the Group during the ownership period was 8.3%.

Investment in TK Development produced an unrealized reduction in value of 0.1 million. Management of liquid assets via the portfolio of funds and bonds resulted in a loss of 0.2 million.

Key figures from investment properties

Numbers in USD million	2009	2010	2011	2012	2013	2014	2015
Rental income	9,8	10,8	11,8	12,6	12,9	12,7	10,4
Net operating income from properties	7,5	8,0	8,7	9,6	10,1	10,3	8,7
Net operating income %	77%	77%	74%	76%	78%	82%	84%
Value of investment property	82,2	85,9	99,3	102,7	103,1	70,3	39,0



The graph above shows the correlation between the valuation of investment property, the oil price and the Russian Ruble.

Return on equity

Numbers in USD million	2011	2012	2013	2014	2015
Total Comprehensive Income	9,6	7,0	3,1	-34,2	-16,8
Equity, opening balance	79,3	78,7	80,7	78,4	38,8
Return on equity	12.1%	8.9%	3.9%	-43.6%	-43.3%

Total Shareholder Return

Numbers in NOK	2011	2012	2013	2014	2015
Share price 01.01	12,70	13,05	15,10	17,40	12,50
Dividends	1,50	1,50	1,00	1,60	0,00
Share price 31.12	13,05	15,10	17,40	12,50	10,55
Dividend adjusted return	14.6%	27.2%	21.9%	-19.0%	-15.6%

Return ratios

	Return on equity ⁽¹⁾	Total Shareholder Return ⁽²⁾	Equity per share in NOK ⁽³⁾
Last 1 year	-43.3%	-15.6%	-32.8%
Last 3 years (annualized)	-25.9%	-5.1%	-19.6%
Last 5 years (annualized)	-9.6%	+6.5%	-7.5%

(1) Return on equity measured as the total comprehensive income for the period / equity as at beginning of the period.

(2) Total Shareholder Return = IRR share price, dividend-adjusted. The share was listed on the Oslo Stock Exchange in June 2010.

(3) Equity per share in NOK = IRR NAV per share, dividend-adjusted.

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 corporate bonds.

Storm Real Estate ASA was established in 2007.

In 2015 the Company disposed of Grifon House in St. Petersburg. The remaining property is the Gasfield building in Moscow with a total lettable area of approximately 11,500 square meters. Both buildings have been let to solid companies within the oil, gas and pharmaceutical industries.

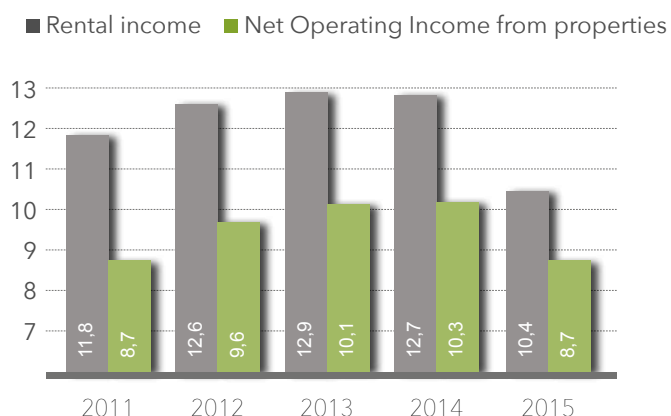
The Gasfield property is a class B building located in the area between the Third Ring Road and the Moscow Automobile Ring Road (MKAD), close to the Gazprom headquarters. The building comprises offices, a restaurant, fitness center and parking spaces. It has a gross area of 15,000 square meters and a net lettable area of 11,500 square meters. There are 20 different tenants, one of which (LLC Gazprom Tsentrremont) accounts for approximately 78% of the total leased area.

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

Since November 2008 Storm Capital Management Ltd. has managed the Company under 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 independent.





A MESSAGE FROM THE ADMINISTRATION

Another challenging year in Russia

During the course of 2015 our property values were written down by USD 19 million. For the second consecutive year the negative result was characterized by challenges in the Russian economy.

Political disagreements with the west have continued and sanctions remain in force. At the same time the oil price continued to fall throughout the year which weakened the economy and contributed to the fall in the value of our buildings. Vacancy has continued to rise and it is a tenant's market.

Almost all leases are now denominated in Rubles and the currency is at historically low exchange rates. At the same time our bank debt is in USD. Our property values fell by 53% over the last two years from a peak of USD 103 million.

It is important to note that we have not been in breach of our loan covenants and that the bank loan has favorable terms given the current market.

In purely operative terms we have had a good year. Our buildings have been fully let to good tenants who pay on time. This has generated operating income of USD 10.4 million with net operating income of USD 8.7 for the period.

Factors which could contribute to a better situation are higher energy and raw materials prices as well as improvements in the political relationship between Russia and the West, which will then have a positive effect on the Russian economy.

We remain the biggest investor in TK Development A/S, a Danish property developer. The company has been engaged in a restructuring process since we took our place on the board. The change in value for the period was USD -0.1 million. TK Development reported impairments in December 2015. We believe that our investment in the company now constitutes a lower risk than before and represents a significant upside. The share is trading at a high discount on underlying values.

Liquidity management also gave a negative result for the last year of USD 0.2. This was due to exposure to energy. However this exposure is primarily placed in real estate.

We cannot affect political and macroeconomic conditions, but we will work hard to ensure that Storm Real Estate ASA will be a good investment in the future.

THE REAL ESTATE MARKET

Storm Real Estate invests in real estate and real estate-related securities in Russia and the EEA. Below is an update for the year 2015 of the markets that are relevant for the Group.

Russia

2015 was another very challenging year for investments in Russia.

Throughout 2015 we have experienced a sharp fall in the price of oil, a fall that started in autumn 2014. As a result of this, the Russian rouble has depreciated significantly. Over an 18 month period from summer 2014 to the end of 2015, the US dollar has become more than twice as expensive measured in terms of Russian roubles. Coinciding with international sanctions against Russia as a result of involvement in the Ukraine, this has meant significant challenges for the Russian economy which is now in recession. Estimates of negative growth in gross domestic product for the year that has passed is between -3.5% and -3.8%. Market commentators have estimates for 2016 from negative growth of -0.9% to positive growth of +0.7%.

The real estate market is also badly affected. Rents denominated in US dollars have become considerably more expensive for local tenants. As a result, there has been a significant "de-dollarisation" of the real estate market, in that fewer lease contracts are entered into in US dollars, and most lease contracts are entered into in local currency. Meanwhile, the sanctions have hit Russia's financial sector hard, which has meant challenges associated with e.g. obtaining financing for real estate.

Inflation in the country is high at 12.9% and the central bank's key interest rate stands at 11%.

The investment volume in Russia has naturally fallen considerably in the context of the political and economic challenges in the country. As a comparison, in both 2012 and 2013 over USD 8 billion was invested in commercial real estate in Russia, whilst in 2015 only USD 2.8 billion was invested.

There is a significant reduction in investment from abroad. Of the investments in 2015 approx. 70% (1.960 million dollars) of the investments were from domestic investors and 30% (840 million dollars) from foreign investors.

In essence, it is European and American investors behind the foreign investments.

The rental levels fell further in 2015, and there is strong correlation between oil prices, the foreign exchange market and the real estate market.

The vacancy rate has now risen for two consecutive years. In class B-buildings, the vacancy rate is approx. 14.4%. For class A-buildings, the vacancy rate is approx. 32%.

Europe

The investment volume for real estate in Central and Eastern Europe (CEE), where Storm Real Estate has exposure, reached the highest level in seven years with EUR 9 billion. Poland and the Czech Republic, which are countries where Storm Real Estate has indirect exposure, accounted for 76 percent of the investment volume in the region.

Storm Real Estate ASA owns approx. 11% of the shares in the Danish listed company, TK Development A/S. In December 2015, TK Development announced a more focused strategy on real estate development in Denmark, Sweden and Poland. These markets are described in brief below.

Sweden (Stockholm):

Sweden's economy showed a strong upward trend towards the end of 2015. Growth in gross domestic product reached approx. 4.1% for 2015. Sweden has zero interest rate which is helping to drive economic growth. The real estate market in Stockholm is strong. The vacancy rate is at a record low of 7.1% and rental prices are at the highest recorded levels. Yield is down during 2015 and is now at 3.75% in central Stockholm.

Denmark:

Denmark experienced modest positive growth in 2015 of 0.2% from the previous year. Unemployment and public debt are low, and with interest rates at close to zero (0.2%) there are positive expectations for future growth. Demand in the premium segment has increased in line with a trend to move from more peripheral locations to more central. The vacancy rate in Copenhagen overall is now at 10.2% and yield is down slightly and is now at 4.25% in central Copenhagen.

Poland:

Growth in gross domestic product in Poland is estimated at about 3.5% in 2015 and forecasts show the same for 2016. This is driven by strong domestic demand on the basis of lower unemployment and higher wage growth. Poland also represents the largest market in Central and Eastern Europe (the CEE region), and accounted for 46% of the entire region's investment volume in 2015. At year end yield on office properties was at 5.75%, compared with 6.0% the year before.

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 2015 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 or 31 December 2015.

Shareholder structure

At 31 December 2015 Storm Real Estate ASA had 429 shareholders. At 31 December 2015 the 20 largest shareholders held 66.1% of the shares. The Company's Board Members controlled 43.9% of the shares in the Company at the end of 2015. Morten E. Astrup is the largest shareholder in Storm Real Estate through his ownership of and control over related companies and investment funds.

	31.12.2015		31.12.2014	
	Shares	%	Shares	%
Norwegian	9,488,779	51.7%	9,975,736	54.4%
Foreign	8,856,844	48.3%	8,369,887	45.6%
Total	18,345,623	100.0%	18,345,623	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.

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.

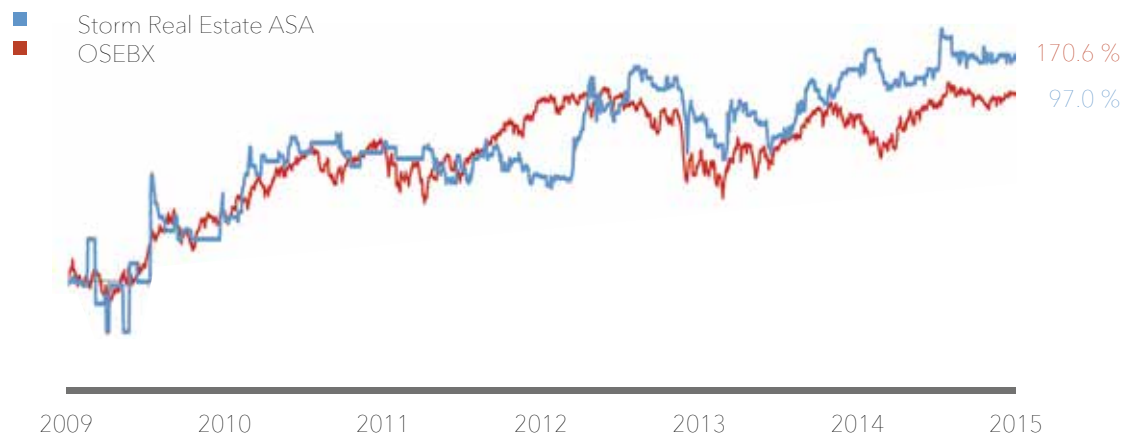
Investor relations

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 authorizations

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

On 13 May 2014 the annual general meeting authorized the Board to pay an additional dividend on the basis of the Company's financial statements for 2014. The total additional dividend may not exceed NOK 1.50 per share. The authorization remains in force until the 2016 annual general meeting. 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 2015 equity was USD 22.0 million and the equity ratio was 37.8%. This follows two years of very negative developments particularly in Russia, 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 emphasizes 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 five 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 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 CentraGruppen, 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 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 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.



Silje Augustsson, board member (born 1974)

Augustsson is the chairperson of Noreco, a listed company in the oil sector. She is the longest-sitting Board member in Panoro, a listed company in the oil sector. She is also the leader of the audit committee of both Noreco and Panoro. Augustsson has broad experience and a large network within capital markets, including the raising of capital. She is a Board member of Storm Nordic Fund, Storm Bond Fund, Surfside Holding AS and Mikrofinans Norge AS. She received the DEUG in Economics from Toulouse University (1996) and a Master in European Management/Diplome de Grande Ecole from ESCP-EAP (1999).



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 an independent member of the Board of Directors.



Christopher W. Ihlen, deputy 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 an independent deputy board member.

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.

In December 2015 the Company received notice of the termination of the agreement from Storm Capital Management. The agreement terminates on 21 December 2016. The Board is working to establish a solution for the future management of the Company.

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 behavior 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 2015.

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 2015.

The Board had 8 meetings in 2015.

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 2015, 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 2015

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

2015 was a very poor year for Storm Real Estate. As for the previous year, the Board notes that political turbulence and macroeconomic developments in Russia, with a large fall in the oil price and strong currency fluctuations have had significantly negative effects on the Company's value. The total fair value of our properties in Russia fell by over 50% during the last two years.

High vacancy and falling office rental rates is worrying, as is the fact that almost all lease contracts are now entered into in local currency which introduces us to currency risk. The Group's properties have been fully let and the business has provided a good cash flow in the last year.

Gazprom Tsentrremont remains the main tenant of the Gasfield building. The agreement is a rolling 11 month agreement with automatic renewal. The agreement now runs with an underlying exposure to Russian roubles. The next period expires in January 2017. All lease contracts are now predominantly short-term.

Grifon House in St Petersburg was sold in December. During our ownership term the project has provided acceptable returns, but the sale still gave a negative result in accounting terms due to a previous value increases. The background for the sale was to reduce our combined exposure to Russia in line with what has been previously communicated.

Storm Real Estate is the largest single shareholder in the Danish listed company TK Development A/S and as at 31 December 2015 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 high interest bonds. These investments have a risk profile in line with the Company's required rate of return.

Since November 2008 Storm Capital Management Ltd. has managed the Company pursuant to an asset management agreement. In December 2015 the Company received notice of the termination of the management agreement from Storm Capital Management. The notice period is 12 months; the agreement therefore terminates in December 2016. The Board is currently in the process of evaluating the appropriate future organization of the Company's management.

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.

Commentary on profits and losses

The Board is not satisfied with the Company's results for 2015.

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

Summary of the financial statements

Total comprehensive income for the year was USD -16.8 million in 2015 (2014: USD -34.2 million).

A large part of the result was caused by value adjustments of properties in Russia of USD -19.0 million. Net operating income from investment properties in Russia was USD 8.7 million, a reduction from USD 10.3 million in 2014.

A negative result was recorded from the investment in TK Development of USD -0.1 million (2014: USD +3.2 million).

In the same period the Company recorded a foreign exchange loss on Danish Kroner of approximately USD 1.5 million (2014: USD -2.1 million).

Investment in funds and other investments gave a loss of USD 0.2 million. By way of comparison the return on liquidity management was USD +2.4 million in 2013 and USD -0.6 million in 2014.

Borrowing costs, including interest linked to interest rate swaps, were USD 3.2 million in 2015 (2014: USD 3.0 million). In addition, a fall in the value of interest rate hedging derivatives of USD 0.1 million has been included for 2015 connected with a declining interest rate curve (2014: USD -0.9 million).

A negative tax expense (tax income) has been recognized, primarily resulting from a reduction in the value of the investment property in Russia. Calculated taxes for the period are USD -2.3 million (2014: USD -4.7 million).

Summary of the balance sheet

The value of properties totaled USD 39.0 million (2014: USD 70.3 million).

The value of the investment in TK Development A/S represents USD 12.6 million (2014: USD 14.1 million). The value of the investment in funds and liquid placements totaled USD 4.6 million (2014: USD 8.3 million). Bank deposits totaled USD 1.7 million (2014: USD 3.9 million).

The Group has financed the properties in Russia via a bank loan totaling USD 24.7 million (2014: USD 42.4 million).

The Group has recognised a liability of NOK 1.4 million linked to hedging derivatives (interest-rate hedging and foreign currency hedging) (2014: USD 1.9 million).

Regarding the classification of the bank loan

The Company has classified the loan as short-term according to the auditor's interpretation of the accounting standard IAS 1.69 and 1.74-75. This is despite the fact that the Company is in professional disagreement about the auditor's interpretation of the aforementioned IFRS standards. The Company believes that the criteria for classifying the liability as short-term are not met, and that this can give a misleading picture of the Company's financial position. A classification as though the debt has fallen due for repayment, and as if it is to be repaid within 12 months is not in line with the commercial reality. The Company believes the auditor's interpretation of the aforementioned accounting standard is too strict.

The Company was not in breach of the commercial loan agreement as at 31/12/2015, the loan had not fallen due for repayment and does not fall due within 12 months.

Cash flow statement

The Group had a cash flow before changes in working capital of USD 7.1 million (2014: USD 9.3 million). Financing activities resulted in a net inward cash flow of USD 15.0 million (2014: USD 4.4 million), primarily linked to the sale of subsidiaries.

Financing activities resulted in a net outward cash flow of USD 21.7 million (2014: USD 11.0 million), all of which is linked to debt financing in the form of interest and repayments (2014: USD 5.6 million). In 2015 the Company repaid a bank loan of USD 10.0 million in connection with the sale of a subsidiary.

The Group recorded a net reduction in cash and liquid assets of USD 2.4 million (2014: USD -4.5 million).

Financial statements for Storm Real Estate ASA

Profit for the year for the Parent Company is USD 1.9 million compared with USD -29.7 million in 2014.

The Parent Company's income essentially comes from interest income on loans to other companies in the Group. This income totaled USD 4.3 million in 2015 (2014: USD 10.2 million).

In 2015 the Company merged with its Cypriot subsidiary Tiberton Yard Ltd, with the parent company as the surviving entity. The Company has therefore taken over the subsidiary's assets and liabilities.

Outlook for the Group

The Gasfield building in Moscow is almost fully let. The relationship with tenants is considered to be good. However, there is increased uncertainty and risk related to future rental income from the property in Russia.

In recent years the Board has worked to create a better balance between exposure in Russia and investments in other markets. As part of this strategy, as well as the short-term financing due for repayment in the summer of 2016, the business in St Petersburg was disposed of in 2015.

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 sake of good order the Board wishes to point out that this is a long-term target.

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 realized, 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.

Personnel and Health, Safety & Environment (HSE)

The parent company has no personnel and the subsidiaries have five employees in Russia, of which three are women. There have been no work-related accidents in 2015. There is no material negative environmental impact related to the Company's operations. The Group recorded nil days of sickness absence in 2015.

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 and 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 2015 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:

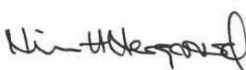
- Transferred to other equity USD 1,867k.

Oslo, 16 March 2016

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



Stein Aukner
Chairperson



Nini E.H. Nergaard
Board member



Kim Mikkelsen
Board member



Morten E. Astrup
Board member



Silje Augustsson
Board member



Erik M. Mathiesen
General manager

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Storm Real Estate group

All numbers in 000 USD	Note	2015	2014
Rental income	6	10,365	12,675
Total income		10,365	12,675
Property related expenses	6	-1,710	-2,335
Personnel expenses	16	-451	-656
Other operating expenses	15	-1,385	-2,291
Total operating expenses		3,546	5,281
Operating profit before fair value adjustments		6,819	7,394
Gain/loss from fair value adjustments on investment property	6	-7,461	17,208
Total operating profit		-643	24,602
Finance revenues	14	264	2,917
Finance expenses	14	-3,841	-4,245
Disposal of subsidiary	24	-1,810	0
Currency exchange gains (losses)	14	-1,102	-2,358
Net financial gains (losses)		-6,490	-3,687
Earnings before tax		-7,133	20,915
Income tax expense	18	-2,339	4,681
Profit for the period		-4,794	16,234
Other comprehensive income:			
<i>OCI to be reclassified to profit or loss in subsequent periods:</i>			
Translation differences from foreign operations		-11,993	-50,478
Other comprehensive income, net of tax		-11,993	-50,478
Total Comprehensive income for the period		-16,787	-34,244
Average number of shares		18,345,623	18,355,116
Ordinary and diluted earnings per share (USD)	20	-0.26	0.88
Total Comprehensive Income per share (USD)	20	-0.92	-1.87

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

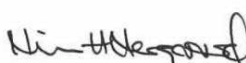
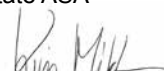
per 31 December

Storm Real Estate group

All numbers in 000 USD	Note	31.12.2015	31.12.2014
ASSETS			
Non-current assets			
Investment property	6	38,950	70,343
Financial investments	10	12,641	14,192
Property, Plant and Equipment (PP&E)	8	20	33
Total non-current assets		51,611	84,568
Current assets			
Financial investments	10	4,651	8,299
Other receivables	13	387	510
Cash and cash equivalents	11	1,703	3,922
Total current assets		6,741	12,731
TOTAL ASSETS		58,352	97,299
EQUITY AND LIABILITIES			
Paid-in equity			
Ordinary shares		1,236	1,236
Share premium		21,036	21,036
Other paid-in equity		56,763	56,763
Total paid-in equity		79,035	79,035
Other equity			
Other equity		-57,036	-40,250
Total other equity		-57,036	-40,250
TOTAL EQUITY		22,000	38,786
Liabilities			
Non-current liabilities			
Loans from credit institutions	12	0	39,833
Deferred tax liabilities	19	4,513	10,824
Financial derivative liability	10	817	1,986
Other long-term liabilities		321	499
Total non-current liabilities		5,651	53,140
Current liabilities			
Trade liabilities	11	58	106
Financial derivative liability	10	4,450	0
Loans from credit institutions	12	24,707	2,606
Other short-term liabilities	17	1,486	2,662
Total current liabilities		30,700	5,373
TOTAL LIABILITIES		36,351	58,513
TOTAL EQUITY AND LIABILITIES		58,352	97,299

Oslo, 16 March 2016

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


Stein Aukner
Chairperson

Nini E.H. Nergaard
Board member

Kim Mikkelsen
Board member

Morten E. Astrup
Board member

Silje Augustsson
Board member

Erik M. Mathiesen
General manager

CONSOLIDATED STATEMENT OF CASH FLOWS

Storm Real Estate group

All numbers in 000 USD	Note	2015	2014
Cash Flow from operational activities			
Earnings before tax		-7,133	20,915
<i>adjusted for:</i>			
depreciations	8	8	7
value adjustment on investment property	6	7,461	-17,208
finance income	14	87	-2,917
finance expenses	14	3,490	4,245
disposal of subsidiary	24	1,810	0
net currency gains	14	1,337	4,239
Cash flow before changes in working capital		7,061	9,281
<i>Change in working capital:</i>			
trade receivables and other receivables		123	128
trade payables and other payables		-577	-672
paid taxes		-2,339	-3,647
Net cash flow from operational activities		4,268	5,090
Cash Flow from investment activities			
Outflows from financial investments		-3,179	-3,783
Inflows from financial investments		5,365	8,002
Disposal of subsidiary, net of cash		12,615	0
Interest received		248	140
Net cash flow from investment activities		15,049	4,359
Cash flow from financing activities			
Repayment on loans	12	-17,822	-2,544
Purchase of treasury shares		0	-434
Dividends paid		0	-4,948
Interest paid		-3,225	-3,083
Net cash flow from financing activities		-21,710	-11,009
Net change in cash and cash equivalents		-2,393	-1,560
Carried forward cash and cash equivalents		3,922	6,362
Currency exchange variation on cash and cash equivalents		174	-879
Cash and cash equivalents at end of period		1,703	3,922
Including restricted cash and deposits	11	238	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 2014	1,296	21,036	61,734	-50	10,592	-16,171	78,437
Profit (loss) for the period					16,232		16,232
Other comprehensive income						-50,478	-50,478
Net purchase of treasury shares				-10	-424		-434
Deletion of treasury shares	-60			60	-0		0
Dividends			-4,971				-4,971
Sum	-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
1 January 2015	1,236	21,036	56,763	0	26,399	-66,649	38,786
Profit (loss) for the period					-4,794		-4,794
Other comprehensive income						-11,993	-11,993
Sum	0	0	0	0	-4,794	-11,993	-16,787
31 December 2015	1,236	21,036	56,763	0	21,605	-78,641	22,000

NOTES STORM REAL ESTATE GROUP

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. In the 2015 financial year the portfolio of office buildings consisted 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 March 2016. The financial statements will be dealt with at the general meeting on 13 May 2016 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 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 and financial instruments 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 judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5. 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 1.1.2015 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 that can be relevant to the Company are described below.

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 judgment with regard to the information to be included in notes and how financial statements can be structured. The amendments enter into effect on 1 January 2016. The Group intends to implement the relevant amendments on the effective date. 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 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 recognize 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.

Amendments to IAS 24 Key management personnel

The amendments clarify that a management company, i.e. an entity providing key management personnel services, is a related party and subject to the disclosure requirements for related parties. In addition, an entity that is administered by a management company must disclose the costs accrued for management services.

The standard enters into effect for periods which begin 1 February 2015 or later. The Group intends to implement the relevant amendments on the effective date. 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 as this is information the Group already discloses in the note.

IFRS 9 Financial instruments.

IFRS 9 will replace IAS 39 Financial instruments - recognition and measurement. IASB sub-divided the project into three main phases: classification and measurement, hedging and impairment. New rules for impairment were published in July 2014, and the standard is thereby complete. The parts of IAS 39 that have not been amended as part of this project are transferred and included in IFRS 9. The Group intends to implement the relevant amendments on the effective date.

IFRS 16 Leases

IFRS 16 Leases replaces the existing IFRS standard for leases, IAS 17 Leases. IFRS 16 lays down principles for recognizing, measuring, presenting and disclosing leases for both parties in a lease, i.e. the customer (lessee) and provider (lessor). The new standard requires that the lessee

recognize assets and liabilities for most leases, which is a significant change from the current principle. For the lessor IFRS 16 essentially continues the existing principles in IAS 17. In line with this, a lessor shall continue to classify their leases as operating leases or finance leases, and account for these two types of leases differently. The Group intends to implement the relevant amendments on the effective date.

(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. There are also standards and interpretations which have been adopted, but for which the effective date is in the future. The Group's policy is to implement the relevant amendments on the effective date where the amendments are relevant to the Group.

NOTE 2.3 Basis of consolidation and business combinations

Subsidiaries are all companies over which the Group has control. Control exists when the Group is exposed to, or has rights to, variable returns as a result of involvement with the company and the Group is able to impact returns through its power over the company. 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 recognized 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 recognized at fair value at the acquisition date. In accordance with IAS 39, subsequent changes to the fair value of the contingent consideration are recognized 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 unrealized 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. Tax charges linked to currency translation differences on such items are recognized 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 recognized as other comprehensive income. 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 recognized 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 recognized 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 derecognized 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 recognized 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 at the time of sale.

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 recognized as a separate asset, as appropriate, 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 recognized 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 amortized 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 categorized as held for trading unless they are designated as hedges.

(b) Loans and receivables measured at amortized cost

Loans and receivables are non-derivative financial instruments with fixed 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 recognized 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 recognized at fair value with the addition of transaction costs. Financial assets carried at fair value through profit and loss are initially recognized at fair value. Subsequent measurement is at fair value through profit and loss.

Loans and receivables are initially recognized at fair value plus directly attributable transaction expenses. Loans and receivables are subsequently measured at amortized 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 derecognized 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. Trade payables and bank loans are measured at amortized cost.

Other liabilities are recognized at amortized cost.

NOTE 3.5.3 De-recognition

A financial liability is derecognized when the obligation under the liability is discharged, canceled 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 recognized in the income statement.

NOTE 3.6 Trade receivables

Trade receivables are recognized initially in the balance sheet at fair value and subsequently measured at amortized 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 recognized at cost and deducted from equity. No gain or loss is recognized 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 recognized in other equity/ other contributed equity. Voting rights related to treasury shares are canceled 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 recognized only to the extent that it is probable that there will be future taxable income against which the temporary differences can be utilized. 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 realized or the deferred tax liability is settled. The provision for deferred tax is based on the expected manner of realization 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 recognized in income over the period of the lease. Revenue arising from expenses recharged to tenants is recognized 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 recognized when it is recovered.

NOTE 3.12 Interest income

Interest income is recognized 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 recognized 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.

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 program focuses on the unpredictability of the financial markets and seeks to minimize 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 recognized 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. Lease agreements have been entered into in USD which are to be translated into RUB with a maximum exchange rate, and the highest such USD/RUB rate is 45 Rubles per dollar. With a real exchange rate of over 73 Rubles per dollar, in practice the revenue from these contracts is fully exposed to the Russian Ruble.

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 net income	Effect attributable to equity (other comprehensive income)	Net effect on the Company's equity
1% appreciation in USD	+313	-675	-362
1% depreciation in USD	-313	+675	+362

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 2015.

In 2014 and 2015 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, but the effect of exchange rate changes on the market for investment property can be significant.

(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 2015
1% rent increase	+104
1% rent decrease	-104

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 totaling USD 24.8 million. To reduce the interest rate risk, the Company has entered into interest rate swaps totaling USD 26.5 million whereby a variable interest rate equivalent to USD 3 month LIBOR is swapped with a fixed interest rate of a weighted average of 2.82% for 5.2 years from 31 December 2015. 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	-239	+265	-26

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
Økning av rentesatsen med 1%	-26	+1.359	+1.333

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 breached during 2015, and the Company does not expect significant losses from counterparties in 2016. 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 has bank loans with covenants including debt ratio and debt service ratio (debt service coverage ratio). If the Group exceeds these, the Group would repay bank debt in order to maintain compliance with covenants. The Group has little margin for covenants of a 70% loan ratio in relation to the valuation of the real estate by appraisers. In the event of a further reduction in property value, the Group will have to deposit further funds.

The Group largely holds short-term leases and there is a risk of vacancy and loss of rental income.

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

As at 31 December 2014	0-1 yr.	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	34
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

As at 31 December 2015	0-1 yr.	1-5 yrs.	>5 yrs.	Total
Repayments of interest-bearing debt (nominal value)	2,366	22,415	0	24,780
Advance payments from tenants	709	0	0	24,780
Interest rate swaps (undiscounted)	554	953	21	1,528
Trade payables and other short-term debt	15	0	0	15
Interest on loans	1,555	2,388	3,942	7,885
Total	5,198	25,756	3,963	34,917

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 2015 the return on capital measured in dividend-adjusted equity per share was -43.3% measured in Norwegian Kroner.

Solidity

The Group has an acceptable equity ratio. The equity ratio was 38% at 31 December 2015. The equity ratio was 40 % at 31 December 2014. 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 judgments 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 Use of accounting estimates and judgment

Fair value of investment property (estimate)

Investment property is recognized at fair value. A separate valuation is carried out by independent experts in which the property is assessed using updated macro assumptions (market-based rent rates, discount rates, inflation expectations, economic growth, etc.) The Company bases the fair value of investment property on external valuations by independent appraisers. There are multiple methods for assessing the fair value of investment property. 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 recognized method for valuation of real estate. See note 6 for more information about the investment property.

Fair value of derivatives and other financial instruments (estimate)

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.

Assessment of bank loans with covenants (judgment)

The group has a bank loan whose classification entails an element of judgment. The classification of loans is regulated in IAS 1 Presentation of Financial Statements. IAS 1.69 c) and d) stipulate that a liability shall be classified as short-term when it is due to be settled within twelve months, or the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. See also Note 12 to the consolidated financial statements for further information on how the Group has classified bank loans on the balance sheet date.

NOTE 6 Investment property

000 USD

		GROUP
Value as valued by an independent valuer:	2015	2014
As at 1 January	69,900	103,100
Value Adjustment Investment Property	-19,000	-33,200
Disposal Investment Property	6,200	0
Value per Closing date	34,700	69,900
Other assets recognised as part of Investment Property:		
As at 1 January	443	0
Changes in carrying value of land plot lease agreements *	-247	443
Disposal in carrying value of land plot lease agreements *	0	0
Assets as a result of embedded derivatives contract **	4,054	0
Value per Closing date	4,250	443
Carrying value of Investment Property IFRS 01.01	70,343	103,100
Carrying value of Investment Property IFRS 31.12	38,950	70,343

* The Company has in 2015 capitalised land plot lease agreements in accordance with AS 40 Investment Property and IAS 17 Leases.

** In 2015 The Company signed an agreement on a lease reduction with the anchor tenant in Moscow. Reduction is in practice done by agreeing a ceiling on exchange rate USD/RUB = 45. This arrangement shall in accordance with IFRS be treated as a financial derivative. This derivative is related to the investment property. The company has recognised a financial liability when USD/RUB at the reporting date was unfavourable. A recognition of this currency derivative has no effect on the net asset value, when the size of the asset and liability are equal (see liability in note 10).

NOTE 6 Investment property (continued)

000 USD

	2015	GROUP 2014
Net Operating Income (NOI) from properties		
Rental income	10,365	12,675
Direct property related costs	1,710	2,335
Net Operating Income	8,654	10,340

The properties were virtually fully let as of 31 December 2014 and 31 December 2015. The valuation of investment property as at 31 December 2014 and 2015 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 marked 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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Independent valuer's valuation parameters				
Discount rates	12.5 %	12.5 %	n/a	14.0 %
Capitalisation rates	11.5 %	11.5 %	n/a	12.0 %
Market rental rates, \$/sq.m	300	530	n/a	200

Sensitivity analysis at 31 December 2014, million USD	GROUP
Effect of an increase in discount rates of 1%	-1,2
Effect of an increase in capitalisation rates of 1%	-1,8

Summary of significant contracts

In the Gasfield building in Moscow, the anchor tenant is LLC Gazprom Tsentrremont who rents around 78% of the lettable area. Storm Real Estate has established a framework for a long-term tenancy with annual renewal. In March 2015, Storm Real Estate ASA signed an extension for an additional 11 months until February 2016 with adjusted terms. In February 2016 the agreement was extended for another 11 months.

Specification of tenants representing more than 10% of the group's income	2015	2014
LLC Gazprom Tsentrremont	5,085	8,337

NOTE 7 Group companies and investment in subsidiaries

000 USD

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

Intercompany merger

Storm Real Estate ASA has in 2015 carried out a cross-border merger with subsidiary Tiberton Yard Ltd (Cyprus). See note 2 to the parent company's accounts for information about the merger.

NOTE 8 Property, plant & equipment

000 USD

	Computers and telephony	Sum	Computers and telephony	Sum
Historic cost	2015	2015	2014	2014
At 1 January	162	162	184	184
Additions	0	0	35	35
Disposals	-24	-24	-57	-57
At 31 December	138	138	162	162
Depreciation and impairment				
At 1 January	-129	-129	-179	-179
Depreciations this period	-8	-8	-7	-7
Translation differences of depreciations and write-downs	19	19	57	57
At 31 December	-118	-118	-129	-129
Net book value 31 December	20	20	33	33

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

Future minimum rents receivable under non-cancellable contracts are as follows:	31.12.2015	GROUP 31.12.2014
Within 1 year	5,078	5,407
Between 1 and 5 years	366	1,110
Over 5 years	0	25
Sum	5,444	6,541

NOTE 10 Other financial assets and liabilities

000 USD

	31.12.2015	31.12.2014
Financial investments		
Held-for-trading investments: quoted equity shares	12,641	14,192
Held-for-trading investments: quoted bonds	2,107	1,312
Held-for-trading investments: fund investments	2,543	6,987
Sum financial investments	17,291	22,490
Forward currency contracts	35	0
Sum derivative assets not designated as hedges	35	0
Total other financial assets	17,326	22,490
Derivative liabilities not designated as hedges	31,12,2015	31,12,2014
Foreign exchange forward contracts	0	-35
Interest rate swaps	-1,401	-1,951
Embedded derivatives	-4,054	0
Sum derivative liabilities not designated as hedges	-5,609	-2,429
Total other financial liabilities	-5,609	-2,429
Interest bearing loans	31,12,2015	31,12,2014
Interest bearing loans	24,707	42,438
Total interest bearing loans	24,707	42,438

Embedded derivatives

Embedded financial derivatives occur as a result of currency fluctuations between RUB and USD. Most of the tenancy lease agreements are in USD, and include a clause with a minimum and maximum exchange rate for the conversion and payment in RUB. In 2015 an agreement was signed with the anchor tenant on a maximum exchange rate of USD/RUB = 45. Roubles had depreciated by the reporting date, hence a negative value is recognized on the embedded derivatives on the reporting date. See note 6 regarding the recognition of an identical amount associated with investment property. Thus, the gross presentation of this currency derivative has not had an effect on the company's equity.

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.

Financial assets measured at fair value	Level 1	Level 2	Level 3	Sum
Investment property (*)	0	0	38,950	38,950
Held-for-trading investments: listed shares	12,641	0	0	12,641
Held-for-trading investments: listed bonds	2,107	0	0	2,107
Held-for-trading investments: investment funds	2,543	0	0	2,543
Foreign exchange forward contracts	0	35	0	35
Sum	17,291	35	38,950	56,276

Financial liabilities measured at fair value / where fair value must be presented	Level 1	Level 2	Level 3	Sum
Interest bearing loans	0	24,780	0	24,780
Embedded derivatives	0	0	4,054	4,054
Land plot leases	0	154	0	154
Interest rate swaps	0	1,401	0	1,401
Sum	0	26,335	4,054	30,389

(*) 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.

	Carrying amount		Fair value	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Financial assets				
Trade receivables	3	7	3	7
Other receivables	384	504	384	504
Derivative financial assets at fair value through profit or loss	35	0	35	0
Held-for-trading financial investments	17,291	22,490	17,291	22,490
Cash and short-term deposits	1,703	3,922	1,703	3,922
Sum	19,416	26,924	19,416	26,924
Financial liabilities				
Interest-bearing loans and borrowings	24,707	42,438	24,780	42,603
Trade liabilities	58	106	58	106
Other short-term liabilities	1,656	2,662	1,656	2,662
Land plot leases	154	443	154	443
Derivative financial liabilities at fair value through profit or loss	5,455	1,986	5,455	1,986
Sum	32,030	47,635	32,103	47,800

Cash and cash equivalents include restricted cash of 238 (2014: 372).

NOTE 12 Bank loan

000 USD

Interest bearing borrowings at amortised cost	Interest	Maturity	GROUP	
			31.12.2015	31.12.2014
Secured bank loan I	LIBOR + margin	2018	24,707	31,353
Secured bank loan II	LIBOR + margin	2016	0	11,086
Sum interest bearing borrowings at amortised cost			24,707	42,438

Nominal value:

The nominal value of bank loan I as of 31 December 2015 was 24,780 and as of 31 December 2014 was 31,443.

Security:

The investment property Gasfield in Moscow is pledged as security for the bank loan, book value USD 38,950K

Interest margin:

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

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%
For loan to value up to 65%	5.50%
For loan to value up to 70%	6.00%
For loan to value over 70%	8.00%

Bank loan:

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

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.

Covenants:

The loan contain financial covenants, inter alia on loan to value (maximum 70% of the valuation made by independent valuer) and covenant on equity ratio (minimum 20%).

According to the loan agreement with the bank, it is required that the Company has a borrowing rate of maximum 70% relative to the valuation made by an independent valuer. If the LTV ratio is exceeded the company has an unconditional right to make a subsequent payment of the amount required to restore compliance of the LTV ratio. As at 31/12/2015 the Company had a LTV of 71% of the said valuation. According to the loan agreement the Company has an unconditional right to make a subsequent payment to restore the LTV ratio, within a period of 45+14 days. The company is not in breach with the commercial loan agreement on the closing date.

As at 31/12/2015 the next quarterly amortisation amount was sufficient to recover the LTV ratio to below 70%. For that reason it was not necessary to make a payment over and above the ordinary instalment, if the payment is moved forward so that it is made within 45+14 days from the reporting date. The Company has after the reporting date made this payment.

The company has classified the loan as current in accordance with the auditor's interpretation of Accounting Standard IAS 1.69 and 1.74 to 75. This despite the fact that the company disagrees with the auditor's interpretation of the aforementioned IFRS standards. The Company believes that the criteria for requirements on classification of debt as current is not met and that this could give a misleading picture of its financial position. A classification as if the debt has become due for payment, and as if it is to be repaid within 12 months is not in accordance with the commercial reality.

NOTE 13 Other receivables

000 USD

Other receivables	31.12.2015	31.12.2014
Taxes receivable	179	221
Prepayments	30	190
Other receivables	47	92
Trade receivables	131	7
Sum other receivables	387	510

No trade receivables were overdue as of 31 December 2014 or 31 December 2015.
The Russian entities have income tax and VAT receivable related to previous years.

NOTE 14 Finance income and costs

000 USD

	2015	GROUP 2014
Finance income		
Interest income	263	172
Changes in fair value, held-for-trading financial investments	0	2,667
Other finance income	1	78
Sum finance income	264	2,917
Finance costs		
Interest costs from loans measured at amortised cost	-3,240	-3,069
Sale of subsidiary	-1,810	
Changes in fair value, financial derivatives over profit and loss	-113	-958
Changes in fair value, held-for-trading financial investments	-351	0
Other finance costs	-137	-218
Sum finance costs	-5,652	-4,245
Foreign exchange gains and losses		
Foreign exchange gains	1,696	2,259
Foreign exchange losses	-2,798	-4,618
Sum foreign exchange gains and losses	-1,102	-2,359
Net finance gains (losses)	-6,490	-3,689

NOTE 15 Other operating expenses

000 USD

Other operating expenses	2015	2014
Management fees	716	1,512
Legal, agency and consultancy fees	149	27
Auditors	246	315
Other operating expenses	265	430
Depreciation	0	7
Sum other operating expenses	1,377	2,291
Auditor fees <i>(auditor fees are quoted excl. vat)</i>	2015	2014
Audit fees	115	166
Other services	105	149
Sum auditor expenses	220	315

NOTE 16 Personnel costs

000 USD

Personnel costs	2015	2014
Salaries and bonuses	271	456
Board fees	112	109
Social security taxes	67	90
Sum personnel costs	451	656
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 USD 715K in 2015 (2014: USD 1,512K).

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

NOTE 17 Other current liabilities

000 USD

	2015	2014
Taxes payable	657	463
Advance rents received	709	912
Other current liabilities	120	261
Sum other current liabilities	1,486	1,637

NOTE 18 Income tax

000 USD

Consolidated income statement	2015	2014
Current income tax	1,662	2,767
Movement in deferred tax	-4,124	1,914
Movement in deferred tax due to changes in tax rates	123	0
Sum income tax	-2,339	4,681

The tax on the group's profit before tax differs from the theoretical amount as follows	2015	2014
Profits before tax	-7,133	20,912
Tax at domestic tax rates applicable to respective countries	-301	5,484

Tax effects of:

FX variations between functional currency and tax currency	-2,271	-419
Income not subject to tax	-557	-1,651
Expenses not deductible for tax purposes	838	0
Withholding tax from foreign entities at different tax rate	264	361
Tax losses for current year not recognised	0	905
Recognition of earlier years' non-recognised deferred tax expense	243	0
Recognition of earlier years' non-recognised deferred tax assets	-141	0
Changes in deferred tax due to changed tax rate	-176	0
Effect of tax merger	-239	0
Sum income tax	-2,339	4,681

NOTE 19 Deferred tax

000 USD

Deferred tax reversal	2015	2014
Deferred tax asset reversed after more than 12 months	0	0
Deferred tax liabilities reversed after more than 12 months	4,513	10,824
Net deferred tax liability	4,513	10,824

Movement in deferred tax	2015	2014
Per 1 January	10,824	9,522
Charged over income statement in the period	-4,124	1,914
Charged over comprehensive income in the period	-2,186	-612
Deferred tax liability as per 31 December	4,513	10,824

NOTE 19 Deferred tax (continued)

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

000 USD

Deferred tax assets	C/forward losses	Receivables	Non current assets	Other	Sum
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
Period movement	1,288	0	0	-219	1,069
31 December 2015	1,288	0	0	358	1,646
Deferred tax					
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
Period movement	0	0	2,702	1,082	3,784
Disposals on sale	0	0	1,456	0	1,456
31 December 2015	0	-2,569	-2,354	-1,238	-6,161
Net deferred tax liabilities 2014	0	-2,569	-6,512	-1,743	-10,823
Net deferred tax liabilities 2015	1,288	-2,569	-2,354	880	-4,513

PP&E consists predominately of investment property.

The Group has tax losses of 1,338 (2014: 603) 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	2015	2014
Net profit attributable to ordinary equity holders of parent company (000 USD)	-4,794	16,234
Weighted average number of shares	18,345,623	18,355,116
Net profit per share attributable to ordinary equity holders (1 USD)	-0.26	0.88

Total comprehensive income per share	2015	2014
Total comprehensive income (000 USD)	-16,787	-34,244
Weighted number of shares	18,345,623	18,355,116
Total comprehensive income per share (1 USD)	-0.92	-1.87

NOTE 21 Related party transactions

The Group has an asset 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.

The fee is calculated based on 2% of net asset value, calculated annually at 31 December and adjusted for changes in capital. According to the management agreement the fee has been split with 25% payable to Storm Capital Partners Ltd and 75% to Storm Capital Management Ltd. From September 2015, the fee has been paid in full to Storm Capital Management Ltd.

In December 2015 the Company received a notice of termination of the management agreement from Storm Capital Management Ltd. The agreement expires 21 December 2016. See note 25 regarding contingent liability.

000 USD

Transactions with related parties	2015	2014
Storm Capital Management Ltd.	655	1,215
Storm Capital Partners Ltd.	123	378
Total related party transactions	778	1,593
Investments in fund managed by Storm Capital Management Ltd	2015	2014
Storm Bond Fund	2,543	6,987
Sum	2,543	6,987

The balance againsts related parties other than group companies were nil as of 31 December 2015 and 31 December 2014.

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	10,365	0	10,365
Direct property related expenses	0	-1,718	0	-1,718
Indirect administration costs	0	-449	-1,379	-1,828
Value change investment property measures in local currency RUB	0	-7,461	0	-7,461
Operating profit	0	736	-1,379	-643
Finance income	-95	42	317	264
Finance costs	0	-3,382	-460	-3,841
Sale of subsidiary	0	-1,810	0	-1,810
Net currency income / costs	-1,454	-295	647	-1,102
Earnings before tax	-1,549	-4,709	-875	-7,133
Tax	0	-628	2,967	2,339
Annual profit	-1,549	-5,337	2,092	-4,794
Other comprehensive income	0	-11,993	0	-11,993
Total Comprehensive Income	-1,549	-17,330	2,092	-16,787

Assets and Liabilities	Real estate shares	Property Russia	Other	Sum
Assets	12,641	47,936	-2,225	58,351
Liabilities	0	30,646	5,707	36,352
Net asset values	12,641	17,290	-7,932	22,000

NOTE 24 Disposal of subsidiary

The group has in 2015 sold the shares in group company Pete Ltd including its subsidiary CJSC Grifon. Total comprehensive income includes a loss on realisation of these shares as follows:

Total transaction sum	13,263
Of which sale of intra-group receivable from Pete Ltd	9,885
<u>Of which sale of intra-group receivable from CJSC Grifon</u>	<u>2,878</u>
Sales price for the shares in Pete Ltd	500
Net book value of assets and liabilities in the consolidated accounts on the transaction date	15,073
Of which value of intra-group receivable from Pete Ltd	-9,885
<u>Of which value of intra-group receivable from CJSC Grifon</u>	<u>-2,878</u>
<u>Net book value of shares in Pete Ltd on transaction date</u>	<u>2,310</u>
Loss (sales price - net book value)	-1,810

NOTE 25 Contingent liability

In December 2015 the company received notice of termination of the management agreement with Storm Capital Management Ltd. The board is in a process of assessing the future management of the company, of which one of several options is that Storm Capital Management continues to manage the company. In the event that the contract is finally terminated in December 2016, Storm Real Estate ASA will incur a liability of a one-off amount equivalent to 12 months management fee at 2015 level (approx 5.8 million NOK).

NOTE 26 Events after the closing date

There are no events after the closing date which are considered to be materially relevant to the annual accounts for 2015.

STATEMENT OF COMPREHENSIVE INCOME

Storm Real Estate ASA

for the period 1 January - 31 December

All numbers in 000 USD	Note	2015	2014
Other income		0	384
Total income		0	384
Personnel expenses	8	-121	-124
Other operating expenses	7	-1,177	-2,016
Total operating expenses		-1,298	2,140
Operating profit (loss) before fair value adjustments		-1,298	-1,757
Finance revenues	6	4,308	10,501
Finance expenses	6	1,263	-33,116
Disposal of subsidiary	14	492	0
Currency exchange gains (losses)	6	-1,000	-2,175
Net financial gains (losses)		2,536	-24,791
Earnings before tax (EBT)		1,238	-26,547
Income tax expense	10	-629	3,118
Profit (loss) for the period		1,867	-29,665
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		1,867	-29,665

STATEMENT OF FINANCIAL POSITION

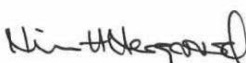
Storm Real Estate ASA

per 31 December

All numbers in 000 USD	Note	31.12.2015	31.12.2014
ASSETS			
Non-current assets			
Investment in subsidiaries	2	45,751	5
Financial derivative assets	3	12,641	14,192
Loans to subsidiaries	13	40,595	79,556
Total non-current assets		98,986	93,752
Current assets			
Receivables from group companies	13	32,647	0
Financial investments	3	4,651	1,312
Other receivables	5	12	58
Cash and cash equivalents		1,021	1,098
Total current assets		38,330	2,468
TOTAL ASSETS		137,317	96,220
EQUITY AND LIABILITIES			
Paid-in equity			
Ordinary shares	12	1,236	1,236
Share premium		21,036	21,036
Other paid-in equity		56,763	56,763
Total paid-in equity		79,035	79,035
Other equity			
Other equity		58,148	-32,790
Total other equity		-58,148	-32,790
TOTAL EQUITY		20,887	46,245
Liabilities			
Non-current liabilities			
Loans from credit institutions	4	0	39,833
Deferred tax liabilities	10	2,797	4,345
Financial derivatives	3	817	1,986
Loans from group companies	13	47,411	0
Total non-current liabilities		51,026	46,164
Current liabilities			
Trade liabilities		29	52
Corporate tax payable	10	216	964
Loans from credit institutions	4	24,707	2,606
Financial derivatives	3	549	0
Payables to group companies	13	39,677	0
Other short-term liabilities	9	226	190
Total current liabilities		65,404	3,811
TOTAL LIABILITIES		116,430	49,975
TOTAL EQUITY AND LIABILITIES		137,317	96,220

Oslo, 16 March 2016

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


Stein Aukner
Chairperson

Nini E.H. Nergaard
Board member

Kim Mikkelsen
Board member

Morten E. Astrup
Board member

Silje Augustsson
Board member

Erik M. Mathiesen
General manager

STATEMENT OF CASH FLOWS

Storm Real Estate ASA

All numbers in 000 USD	Note	2015	2014
Cash Flow from operational activities			
Earnings before tax		1,238	-26,547
adjusted for :			
finance income	6	-4,308	-10,501
finance expenses	6	1,263	33,116
disposal of subsidiary	14	-492	0
net currency gains		1,853	4,056
Cash Flow before changes in working capital		-445	124
<i>Change in working capital:</i>			
trade receivables and other receivables		46	9,541
trade payables and other payables		-7	-53
paid taxes		-969	-1,815
Net cash flow from operational activities		-1,376	7,797
Net cash flow from investment activities			
Net payments in/out from intra-group loans		17,692	0
Payments out for financial investments		-3,179	1,246
Payments in for financial investments		5,365	-3,784
Sale of subsidiary, net of cash		553	0
Dividends received		2,376	0
Interest received		189	5,532
Net cash flow from investment activities		22,996	2,995
Cash flow from financing activities			
Repayment of loans	4	-17,823	-2,544
Purchase of treasury shares	12	0	-434
Dividends paid		0	-4,948
Interest paid		-3,833	-3,083
Net cash flow from financing activities		-21,655	11,009
Net change in cash and cash equivalents		-35	-218
Carried forward cash and cash equivalents		1,098	1,358
Addition via merger		28	0
Currency exchange variation on cash and cash equivalents		-69	-42
Cash and cash equivalents at end of period		1,021	1,098
Including restricted cash and deposits		238	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 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	846,245
1 January 2015	1,296	21,036	61,732	-50	-2,700	81,316
Profit (loss) for the period					1,867	1,867
Merger with subsidiary					-27,226	-27,226
Total	0	0	0	0	-25,359	-25,359
31 December 2015	1,236	21,036	56,761	0	-58,148	20,887

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.

Income is recognised when it is probable that transactions will generate future economic benefits in favour of the company, and the amount can be reliably estimated. Sales revenues are presented net of value added tax and discounts. Revenues from sale of services are recognised in line with the provision of the services.

NOTE 2 Investment in subsidiaries

000 USD

SRE ASA investment in subsidiaries	Location	Formed/ acquired	Ownership	Equity 31.12.2015	Book value SRE ASA 2015	Book value SRE ASA 2014
Storm Real Estate Ltd	Cyprus	2009	100%	-68	1	1
Tiberton Yard Holding 2 Ltd	Cyprus	2015	100%	4	2	0
Tiberton Yard Finance Ltd	Cyprus	2008	100%	-10,170	3	3
Gasor Consulting Ltd *	Cyprus	2015*	100%	2,616	45,744	0
LLC Martex **	Russia	2007	100%	-	-	-
Sum				-7,617	45,744	5

* Investment in Gasor Consulting Ltd is resulting from a merger between Storm Real Estate ASA and Tiberton Yard Ltd in 2015.

** LLC Martex is a subsidiary of subsidiary, 100% owned by Gasor Consulting Ltd.

Inter-company merger

Storm Real Estate ASA has in 2015 undertaken a cross border merger with its subsidiary Tiberton Yard Ltd (Cyprus), with Storm Real Estate ASA as the surviving entity. The merger is a parent/ subsidiary merger without compensation and is accounted for using the continuity method.

NOTE 3 Other financial assets and liabilities

000 USD

Financial investments	31.12.2015	31.12.2014
Held-for-trading investments: quoted equity shares	12,641	14,192
Held-for-trading investments: quoted equity bonds	2,107	1,312
Held-for-trading investments: fund investments	2,543	
Sum financial investments	17,291	15,503
Derivative assets not designated as hedges	31.12.2015	31.12.2014
Foreign exchange forward contracts	35	0
Sum derivative assets not designated as hedges	35	0
Total other financial assets	17,326	15,503
Derivative liabilities not designated as hedges	31.12.2015	31.12.2014
Interest rate swaps	-1,401	-1,951
Sum derivative liabilities not designated as hedges	-1,401	-1,951
Total other financial liabilities	-1,401	-1,951
Interest bearing loans	31.12.2015	31.12.2014
Interest bearing loans	24,707	42,438
Total interest bearing loans	24,707	42,438

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

Financial assets measured at fair value	Level 1	Level 2	Level 3	Sum
Held-for-trading investments: listed shares	12,641	0	0	12,641
Held-for-trading investments: listed bonds	2,107	0	0	2,107
Held-for-trading investments: investment funds	2,543	0	0	2,543
Foreign exchange forward contracts	0	35	0	35
Sum	17,291	35	0	17,326

Financial liabilities measured at fair value / where fair value must be presented	Level 1	Level 2	Level 3	Sum
Interest bearing borrowings	0	24,780	0	24,780
Interest rate swaps	0	1,401	0	1,401
Sum	0	26,181	0	26,181

Interest bearing borrowings at amortised cost	Rente	Forfall	31.12.2015	31.12.2014
Secured bank loan I	LIBOR + margin	2018	24,707	31,353
Secured bank loan II	LIBOR + margin	2016	0	11,086
Sum interest bearing borrowings at amortised cost			24,707	42,438

Nominal value:

The nominal value of bank loan I as of 31 December 2015 was 24,780 and as of 31 December 2014 was 31,443.

Security:

The investment property Gasfield in Moscow is pledged as security for the bank loan, book value USD 38,950K.

Interest margin:

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

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%
For loan to value up to 65%	5,50%
For loan to value up to 70%	6,00%
For loan to value over 70%	8,00%

Bank loan:

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

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.

NOTE 4 Fair value hierarchy (continued)

Covenants:

The loan contain financial covenants, inter alia on loan to value (maximum 70% of the valuation made by independent valuer) and covenant on equity ratio (minimum 20%).

According to the loan agreement with the bank, it is required that the Company has a borrowing rate of maximum 70% relative to the valuation made by an independent valuer. If the LTV ratio is exceeded the company has an unconditional right to make a subsequent payment of the amount required to restore compliance of the LTV ratio. As at 31/12/2015 the Company had a LTV of 71% of the said valuation. According to the loan agreement the Company has an unconditional right to make a subsequent payment to restore the LTV ratio, within a period of 45+14 days. The company is not in breach with the commercial loan agreement on the closing date.

As at 31/12/2015 the next quarterly amortisation amount was sufficient to recover the LTV ratio to below 70%. For that reason it was not necessary to make a payment over and above the ordinary instalment, if the payment is moved forward so that it is made within 45+14 days from the reporting date. The Company has after the reporting date made this payment.

The company has classified the loan as current in accordance with the auditor's interpretation of Accounting Standard IAS 1.69 and 1.74 to 75. This despite the fact that the company disagrees with the auditor's interpretation of the aforementioned IFRS standards. The Company believes that the criteria for requirements on classification of debt as current is not met and that this could give a misleading picture of its financial position. A classification as if the debt has become due for payment, and as if it is to be repaid within 12 months is not in accordance with the commercial reality.

NOTE 5 Trade and other receivables

000 USD

	31.12.2015	31.12.2014
Other receivables		
Taxes receivable	0	16
Other receivables	12	42
Sum other receivables	12	58

NOTE 6 Finance income and costs

000 USD

	2015	2014
Finance income		
Interest income	178	49
Changes in fair value, held-for-trading financial investments	0	3,179
Interest gains from group companies	5,181	7,272
Dividends from subsidiaries	2,376	0
Gains from the disposal of shares in subsidiaries	492	0
Reversal of provision for bad debts against group companies *)	2,150	0
Other finance revenues	0	1
Sum finance income	10,377	10,501

	2015	2014
Finance costs		
Interest costs from loans measured at amortised cost	-3,232	-3,058
Changes in fair value, financial derivatives over profit and loss	-113	-940
Changes in fair value, held-for-trading financial investments	-351	0
Provision for losses on intra-group receivables *)	0	-29,055
Interest costs from group companies	-3,076	0
Other finance costs	-68	-63
Sum finance costs	-6,840	-33,116

	2015	2014
Foreign exchange gains and losses		
Foreign exchange gains	888	1,913
Foreign exchange losses	-1,882	-4,089
Sum foreign exchange gains and losses	-994	-2,175
Net finance gains (losses)	2,543	-24,791

*) 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 as per 31.12.2014 and 31.12.2015 not considered fully capable to meet its liabilities towards the parent company.

NOTE 7 Other operating expenses

000 USD

Other operating expenses	2015	2014
Management fees	716	1,512
Legal, agency and consultancy fees	104	27
Auditors	155	218
Other operating expenses	201	259
Sum other operating expenses	1,177	2,016

Auditor fees <i>(auditor fees are quoted excl. vat)</i>	2015	2014
Audit fees	53	70
Other services	102	148
Sum auditor expenses	155	218

NOTE 8 Personnel costs

000 USD

Personnel costs	2015	2014
Board fees	112	109
Social security taxes	9	16
Sum personnel costs	121	124

The parent company did not have any employees in 2014 or 2015 and therefore no pension scheme.

000 NOK

Board fees (incl fees for board committees) paid out in the year	2015	2014
Stein Aukner, chairman of the board	290	290
Morten E. Astrup	0	0
Nini H. Nergaard	125	125
Kim Mikkelsen	165	165
Christopher W Ihlen	125	125
Fredrikke Aaeng (former board member)	51	165
Sum board fees	756	870

Board fees for 2014-2015:

Chairman of the board:	250.000 kroner
Board members:	125.000 kroner
Audit committee	40.000 kroner

Board fees for 2015-2016 are subject to approval by the Annual General Meeting in May 2016.

NOTE 9 Other current liabilities

000 USD

	2015	2014
Accrued expenses	167	190
Other current liabilities	59	0
Sum other current liabilities	226	190

NOTE 10 Income tax

000 USD

Income statement	2015	2014
Current income tax	241	964
Movement in deferred tax	-945	2,154
Movement in deferred tax due to changes in tax rates	75	0
Sum income tax	-629	3,118

Basis for taxation, parent company	2015	2014
Earnings before tax in functional currency USD	1,238	-26,547
FX variations between functional currency and tax currency	-4,141	12,521
Income and expenses not subject to taxation	1,925	25,573
Movement in temporary differences	-1,763	-7,976
Basis for taxation	-2,740	3,571
Tax payable	0	964

NOTE 11 Deferred tax

000 USD

Temporary differences, parent company	31.12.2015	31.12.2014	Change
Financial liabilities	1,360	2,069	-709
Receivables	-15,288	-18,163	2,875
Tax losses carried forward	2,740	0	2,740
Sum temporary differences	-11,188	-16,094	4,906
Tax rate	25%	27%	27%
Deferred tax	-2,797	-4,345	1,548

NOTE 12 Share capital and shareholders

000 USD

Share capital and nominal value	31.12.2015	31.12.2014
Shares issued	18,345,623	18,345,623
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	2015	2014
Per 1 January	0	721,799
Purchased in the period	0	0
Sold in the period	0	0
Deleted in the period	0	-721,799
Per 31 December	0	0
Average no of treasury shares in the period	0	296,455

NOK

20 largest shareholders as of 31 December 2015	Type	Country	Shares	%
SKANDINAVISKA ENSKILDA BANKEN AB	NOM	SWEDEN	3,135,608	17.1 %
ACONCAGUA MANAGEMENT LTD		LUXEMBOURG	3,000,000	16.4 %
J.P. MORGAN BANK LUXEMBOURG SA	NOM	UK	830,000	4.5 %
STORM NORDIC FUND SICAV SIF		SWEDEN	800,000	4.4 %
DEUTSCHE BANK AG	NOM	UK	709,759	3.9 %
BJØRGVIN AS		NORWAY	579,675	3.2 %
BANAN II AS		NORWAY	476,338	2.6 %
FINANSFORBUNDET		NORWAY	416,650	2.3 %
AUBERT VEKST AS		NORWAY	373,304	2.0 %
ØRN NORDEN AS		NORWAY	348,060	1.9 %
TDL AS		NORWAY	182,250	1.0 %
THORE HYGGEN		NORWAY	181,250	1.0 %
MOTOR-TRADE EIENDOM OG FINANS AS		NORWAY	180,000	1.0 %
INGRID MARGARETH LANGBERG		NORWAY	173,750	0.9 %
STORM CAPITAL MANAGEMENT		UK	160,000	0.9 %
ALBION HOLDING AS		NORWAY	155,000	0.8 %
SVENSKA HANDELSBANKEN AB FOR PB	NOM	NORWAY	150,000	0.8 %
AAA MANAGEMENT SUPPORT AS		NORWAY	100,000	0.5 %
STORM CAPITAL PARTNERS LTD.		LUXEMBOURG	98,855	0.5 %
EUROPA LINK AS		NORWAY	72,078	0.4 %
Sum 20 largest shareholders			12,122,827	66.1 %
OTHER SHAREHOLDERS			6,655,979	33.9 %
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 2015.

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 Management Ltd, Storm Nordic Fund, Ørn Norden AS, Storm Capital Management Ltd and Storm Capital Partners Ltd	4,406,915	24.0 %
Kim Mikkelsen	via Strategic Investments A/S	3,135,608	17.1 %
Stein Aukner	via Banan AS and Aukner Holding AS	501,338	2.7 %
Christopher W. Ihlen	via Kevlar AS	12,500	0.1 %
Sum		8,056,361	43.9 %

Shares held by management

Erik Mathiesen (CEO) has an indirect holding in the company by investments in Storm Nordic Fund, Storm Capital Management Ltd and Storm Capital Partners Ltd.

NOTE 13 Related party transactions

The Group has an asset 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.

The fee is calculated based on 2% of net asset value, calculated annually at 31 December and adjusted for changes in capital. According to the management agreement the fee has been split with 25% payable to Storm Capital Partners Ltd and 75% to Storm Capital Management Ltd. From September 2015, the fee has been paid in full to Storm Capital Management Ltd.

In December 2015 the Company received a notice of termination of the management agreement from Storm Capital Management Ltd. The agreement expires 21 December 2016, See note 15 regarding contingent liability.

	USD	
Transactions with	2015	2014
Storm Capital Management Ltd.	655	1,215
Storm Capital Partners Ltd	123	378
Tiberton Yard Ltd (merged with SRE ASA in 2015)	0	384
Sum related party transactions	778	1,977

The balance againsts related parties other than group companies were nil as of 31 December 2014 and 31 December 2015. The parent had the following balances against group companies:

Current receivables	31.12.2015	31.12.2014
Tiberton Yard Finance Ltd	32,485	25,905
Tiberton Yard Ltd	0	84
Tiberton Yard Holding 2 Ltd	45	42
Storm Real Estate Ltd	72	60
Pete Ltd (Sold in 2015)	0	2,285
Gasor Consulting Ltd	46	0
Sum current receivables from related parties	32,647	28,377
Provision for losses, intra-group receivables	0	-28,377
Net book value, current receivables from related parties	32,647	0

Non-current receivables	31.12.2015	31.12.2014
Tiberton Yard Finance Ltd	67,500	67,500
Tiberton Yard Ltd	0	4,573
Pete Ltd (Sold in 2015)	0	8,162
Sum non-current receivables from related parties	67,500	80,235
Provision for losses, intra-group receivables	-26,905	-678
Net book value, non-current receivables from related parties	40,595	79,556

NOTE 13 Related party transactions (continued)

USD

Current liabilities	31.12.2015	31.12.2014
Tiberton Yard Finance Ltd	-28,973	0
Tiberton Yard Holding 2 Ltd	-7	0
Gasor Consulting Ltd	-289	0
Liabilities towards group companies, bank cash pooling	-10,408	0
Sum current liabilities towards group companies	-39,677	0
Non-current liabilities	31.12.2015	31.12.2014
Tiberton Yard Finance Ltd	-47,411	0
Sum non-current liabilities towards group companies	-47,411	0
Net receivables (liabilities) , group companies	-13,847	79,556

NOTE 14 Sale of subsidiary

USD

In 2015 the Company sold the shares in the subsidiary Pete Ltd.
The result in the parent company include a gain on the sale of the shares as shown below:

Price for the parent company's holding of 99% of the shares in Pete Ltd	495
Carrying amount of the investment at the time of the sale	3
Recognised profit (sales price - book value)	492

See note 24 in the consolidated finance statement for more information about the transaction.

NOTE 15 Contingent liability

In December 2015 the Company received a termination of the management agreement with Storm Capital Management Ltd. The Board is in a process where the company's future leadership is under consideration, where one of several possible outcomes is that Storm Capital Management Ltd continues to manage the company. If the result is that the management agreement is finally terminated in December 2016, Storm Real Estate incur an obligation to pay out a lump sum equivalent of 12 months equivalent of management fee at 2015 level (approx. 5,8 million NOK).

NOTE 16 Events after the closing date

There are no events after the closing date which are considered to be materially relevant to the annual accounts for 2015.

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 2015 calendar year as at 31 December 2015.

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 2015. 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 2015.

To the best of our knowledge:

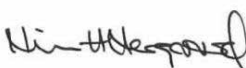
- the consolidated financial statements and the Parent Company financial statements for 2015 have been prepared in accordance with applicable accounting standards;
- the consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and loss as a whole as of 31 December 2015 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 March 2016

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



Stein Aukner
Chairperson



Nini E.H. Nergaard
Board member



Kim Mikkelsen
Board member



Morten E. Astrup
Board member



Silje Augustsson
Board member



Erik M. Mathiesen
General manager

AUDITOR'S REPORT



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

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 2015, 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 General Manager's responsibility for the financial statements

The Board of Directors and General Manager 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 General Manager 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 2015 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 2015 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 General Manager 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 March 2016
ERNST & YOUNG AS

Kristin Hagland
State Authorised Public Accountant (Norway)

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







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