

Annual report

2018



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Storm Real Estate ASA

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Summary 2018

(all figures in USD)

2018 became a very challenging year for Storm Real Estate (SRE). SRE has negotiated with its main creditor Swedbank, to reach a long-term financing solution that will make the Company able to continue its operations. Since September 2018 the two parties have agreed on several standstill agreements waving covenants, amortization and interest payments, to create time to achieve this. The current standstill agreement expires 30 April. The market will be updated on any changes at once. Swedbank has communicated that it wishes to exit its engagement with SRE.

Even though 2018 has been a tough year for the Company, the Russian economy seems to be stabilizing with 2018 being the best year of the previous five, with an annual GDP growth of 1,8%. Still, the Board expect the Russian economy and real estate market to have a slow recovery. According to market experts, estimated future growth in rental rates in the Moscow region is estimated at approximately 5%.

During 2018 the occupancy has increased from 48% since the beginning of the year, to 86% as at 31 December, and to 100% at the end of April. The tenant base consists of more than 70 lease agreements, making it much less dependent on individual tenants. Still, the Group is not able to fulfil its debt obligations and is dependent on an agreement with Swedbank to survive.

The group made losses of 7.3 million in 2018, predominately due to a 0.9 million reduction in valuation of the Gasfield building, -4.2 million in translation differences and approximately 50% reduction in income compared to 2017 (the increase in occupancy came mostly at the end of the year).

The carrying value of the building in the balance sheet, obtained from an independent valuer, reflects the value given a long-term perspective, it does not reflect the liquidation value at yearend. According to the applicable IFRS rules, a liquidation value can only be presented once there is a concrete decision to liquidate the entity, which is not the case at the moment.

Key figures from investment properties

USD million	2011	2012	2013	2014	2015	2016	2017	2018
Rental income	11.8	12.6	12.9	12.7	10.4	6.2	3.0	1.6
Net operating income from properties	8.7	9.6	10.1	10.3	8.7	5.0	1.8	0.2
Net operating income %	74%	76%	78%	82%	83%	81%	60%	16%
Valuation of investment property	99.3	102.7	103.1	70.3	34.7	30.5	26.8	21.4

Return on equity (numbers in USD)	2014	2015	2016	2017	2018	Last 5 years ⁽¹⁾
Total comprehensive income	-34,2	16,8	-4,8	-4,2	-7,3	-67,3
Equity, beginning of period	78,4	38,8	22,0	11,0	10,0	78,4
Return on equity	-43,6%	-43,3%	-21,9%	-37,9%	-73,4%	-85,8%

Return on Equity = Total Comprehensive Income (IFRS) for the period / brought forward equity (IFRS) for start of the period.

(1) Total, not annualised.

Total shareholder return (numbers in NOK)	2014	2015	2016	2017 ⁽²⁾	2018	Last 5 years ⁽²⁾
Share price 01.01	17,40	12,50	10,55	1,53	0,67	3,61
Dividend date	12.05.14	-	26.05.16	-	-	multiple
Dividends	1,60	-	3,80	-	-	1,12
Share price 31.12	12,50	10,55	5,00	0,67	0,45	0,45
Total shareholder return	-20,2%	-15,6%	-21,4%	-56,1%	-32,8%	-23,7%

Total Shareholder Return = Movement in share price, dividend adjusted, annualised using XIRR formula.

(2) Adjusted for share issue 2017.

Return ratios

	Return on equity ⁽¹⁾	Total shareholder return ⁽²⁾
Last 1 year	-73,4%	-32,5%
Last 3 years (annualized)	-36,2%	-48,0%
Last 5 years (annualized)	-32,4%	-31,4%

(1) Return on Equity = Total Comprehensive Income (IFRS) for the period / brought forward equity (IFRS) for start of the period, annualised.

(2) Total Shareholder Return = Movement in share price, dividend adjusted, annualised using XIRR formula.

These return ratios are Alternative Performance Measures, and are presented in accordance with ESMA's "Guidelines on Alternative Performance Measures" from 2015. These are reliably measured and the company considers these relevant, because different stakeholders might consider different NAV per share in NOK and Total Shareholder Return relevant alternative performance measures.

This is Storm Real Estate

Storm Real Estate ASA is an investment company focusing on real estate. Its strategy comprises ownership and management of commercial property in Russia.

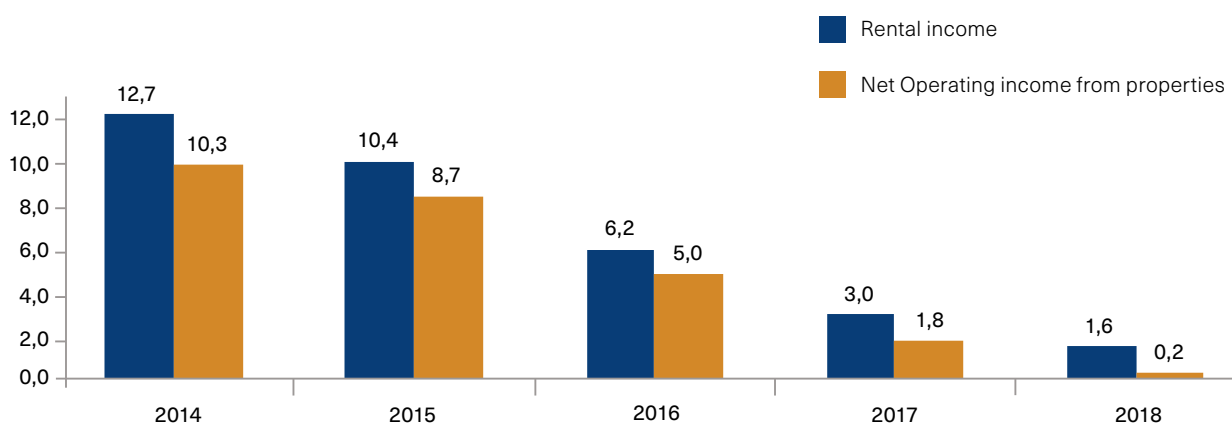
Storm Real Estate ASA was established in 2007.

The company has in the past had multiple investments across several countries, including direct ownership of real estate as well as indirect exposure via stakes in other real estate companies.

Following the earlier sale of Grifon House and shares in TK Development A/S, the company's remaining investment property is the Gasfield building in Moscow. 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 in Moscow. The building includes offices, a restaurant, fitness center and parking spaces. It has a gross area of 15,000 square meters and a net lettable area of 11,100 square meters.

A team established locally in Moscow manages the local operations. 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.

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



Market commentary

Macro snapshot

- 2018 has been the best year of the previous five, with an annual GDP growth of 1.8%.
- Oxford Economics predicts GDP growth of 1.4% in the upcoming year.
- Unemployment is at 4.8%.
- The Central Bank has increased the key rate to 7.75%. The key rate is down 4.75 percentage points in 3 years. CPI target is 5.5%.
- The Russian market continues to be dominated by domestic investors. The share of foreign investments in 2018 is 14 % (69 % in The Central and Eastern Europe in the same period).

Real Estate Market

- The new market conjecture indicates a period of lower new construction, minor positive absorption and a moderate increase in rental rates at the indexation level. In real terms, rental rates are expected to be stable.
- Low volume of constructions. Instead of the planned 200,000 sq. m, new construction of office space in Moscow amounted to only 133,000 sq. m in 2018. The net absorption was 415,000 sq. m. New construction in 2019 is estimated to 150,000 sq. m.
- The main demand according to the closed deals, relates to blocks of less than 2,000 sq. m, and only 30% of demand accounted for bigger blocks.
- Prime yields have compressed from 10.5% in 2016 to 9.5% per date for offices, responding to the stabilization of the inflation and the significant reduction in the central bank key rate.
- The vacancy rate continued the decline and stood at 10.4 % at the end of 2018, nevertheless, it is still considered high.
- In the coming years the average rental rate is expected to grow by 4-6% per year.

Sources market information Russia: Cushman & Wakefield, Tradingeconomics vtt

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 2018 Storm Real Estate ASA had 88,345,623 issued shares.

Each share has a nominal value of NOK 0.02. The Company had no treasury shares as at 31 December 2017 or 31 December 2018.

Shareholder structure

At 31 December 2018 Storm Real Estate ASA had 630 shareholders. The 20 largest shareholders held 81.5% of the shares. The Company's Board Members controlled 56.75% of the shares in the Company at the end of 2018. Morten E. Astrup is in total the largest shareholder in Storm Real Estate.

	31.12.2017		31.12.2018	
	Shares	%	Shares	%
Norwegian	32,918,965	37,3%	33,272,477	37,7%
Foreign	55,426,658	62,7%	55,073,146	62,3%
Total	88,345,623	100,0%	88,345,623	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. 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

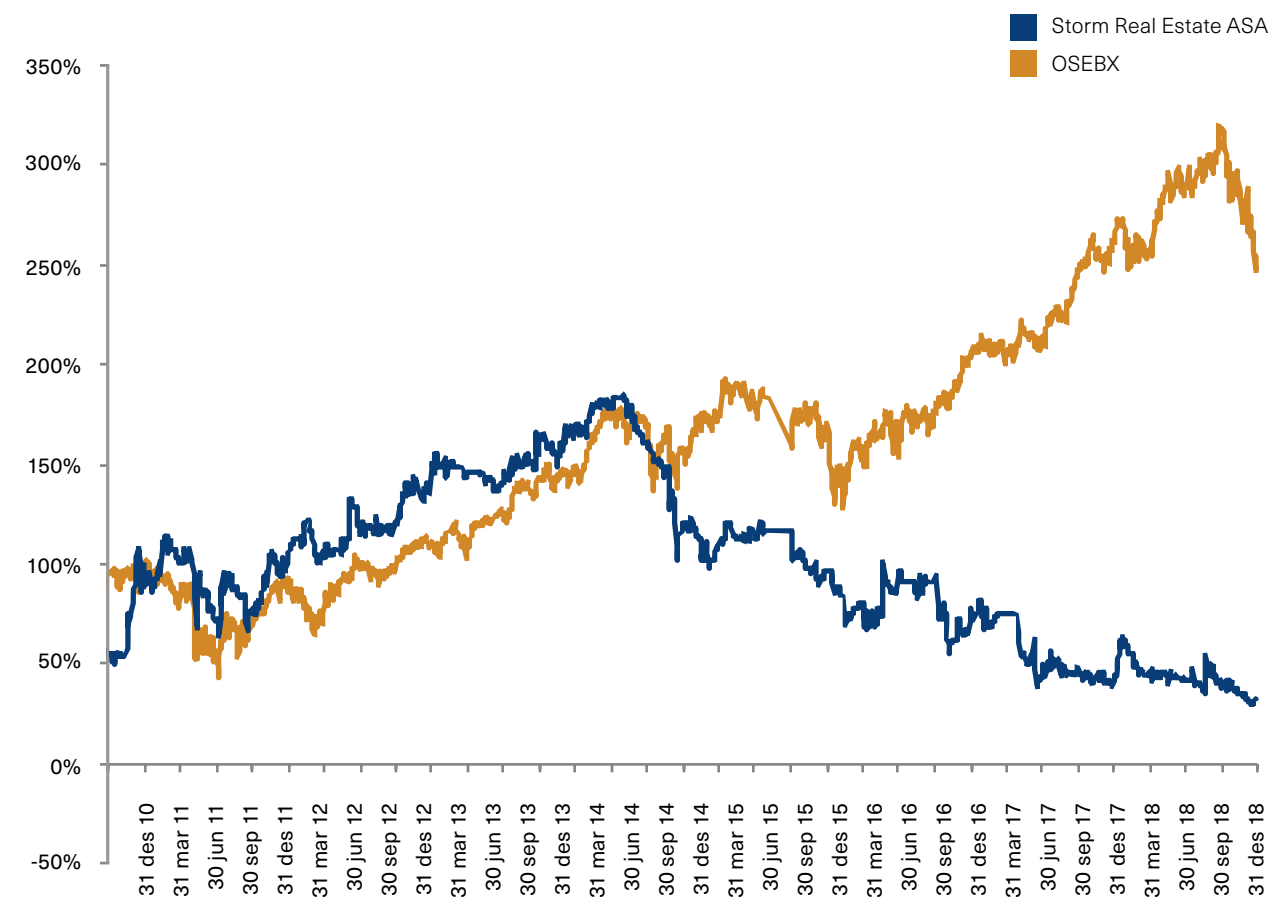
The annual general meeting is the Company's supreme authority. The meeting will be held in June this year. The Board determines the agenda for the annual general meeting and works to ensure that it becomes a forum for the shareholders. Notice of the meeting is sent out no later than 21 days in advance 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 semi-annual presentations. Updated information can be found on the Company's website: www.stormrealestate.no The Investor Relations contact at Storm Real Estate ASA is Kristoffer Holmen (kristoffer@stormcapital.co.uk).

Current board authorizations

The annual general meeting on 26 May 2016 authorized the Board to purchase shares in the Company for up to 10% of the share capital. The authorization was valid until 26 May 2018. The authorization has not been used.



Corporate governance

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 2018 equity was USD 2.6 million and the equity ratio was 11.8%. This follows several years of negative developments particularly in Russia. During 2018 the Company was no longer able to fulfill its debt obligations, hence, it has entered into negotiations with relevant stakeholders in order to refinance the Group. The aim is to reach a sustainable equity ratio.

Dividends

Storm Real Estate has a long-term objective to pay dividends. When considering dividends, the Board emphasizes the company’s dividend capacity, the requirements for a sound level of equity and sufficient financial resources. The Board considers buy-backs of shares to supplement dividends as a way of returning value to the shareholders. Given the current income and financing situation, the Company is not able to either pay dividends to its shareholders or buy back shares.

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. 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. The current committee members were elected by the annual general meeting in May 2017 and consists of Christopher W. Ihlen (chairman) and Nini Nergaard.

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.

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, 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.



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 Switzerland.



Nini Høegh Nergaard

*board member
(born 1972)*

Ms Nergaard is currently chairperson of the board of Dønski Toppidrett 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.



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 alternate member of the Board of Directors.



Anna Musiej Aanensen

*board member
(born 1970)*

Anna Musiej Aanensen is employed at Coface, global credit insurance company, heading its activities in Norway. From 2010 till 2017 she worked for Export Credit Norway being responsible for financing the projects within oil & gas industries. Between 1998 and 2010 she worked for Handelsbanken where she kept various positions. Mrs Aanensen has a Master of Science from Warsaw School of Economics and Executive MBA in Maritime Offshore from Norwegian Business School in Oslo. She is a Norwegian citizen and independent 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 arrangement was initially 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 with a rolling notice period of 12 months with a discontinuation supplement equivalent to 12 month's fees. In 2016 the Company agreed a new management agreement with Storm Capital Management Ltd. On 28 May 2018 the Board terminated the agreement with a three months' notice. The Board and Storm Capital Management Ltd agreed on a new asset management agreement adapted to the new financial situations. The new agreement can be terminated on a month's notice.

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 had 9 meetings in 2018.

Audit committee

Due to the limited scope of the Company's business and also its financial constraints, the Board does not have a separate audit committee. The board members currently perform the responsibilities previously assumed by the audit committee.

Remuneration and governance committee

Due to the limited scope of the Company's business and also its financial constraints, the Board does not have a remuneration and governance committee. The board members currently perform the responsibilities previously assumed by the remuneration and governance committee.

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 CEO is responsible for financial reporting. Control measures have been established in connection with the presentation of the semi-annual and annual financial statements. The board of directors undertake a preparatory review of the semi-annual 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 2018, 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. Large shareholders Morten E. Astrup and Kim Mikkelsen do not charge a board fee for their duties as board members.

REMUNERATION TO STORM CAPITAL MANAGEMENT LTD.

Storm Capital Management Ltd. receives a management fee of NOK 250,000 per month (NOK 3 million per annum). However, given the current financial situation, only half of the fee is payable each month. The remaining unpaid fee accumulates as an unsecured debt to Storm Capital Management Ltd. This amount includes salaries, travel expenses and offices outside Russia. Transactions with Storm Capital Management Ltd 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. Key company information made public is 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, and meetings when needed. 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

During the year SRE has negotiated with its main creditor Swedbank, to reach a long-term financing solution that will make the Company able to continue its operations. Since September 2018 the two parties have agreed on several standstill agreements waving covenants, amortization and interest payments, to create time to achieve this. The parties had not agreed on a final solution at yearend. The current standstill agreement expires 30 April. The market will be updated on any changes at once.

Swedbank has communicated that it wishes to exit its engagement with SRE. In connection with Swedbank's desire to exit the engagement, SRE has obtained loan offers from several banks. The Board believe that the Group will only be able to refinance provided Swedbank takes a significant haircut.

Without an agreement with Swedbank the Board expect that the Gasfield building will be put up for sale on the open market at the request of Swedbank. Given the current poor sale conditions in the Moscow real estate market, a forced sale within a short period of time will most likely result in a price significantly lower than the debt amount, leaving no value to the Company's existing shareholders. In case the bank instructs us to put the building up for sale, the Board will evaluate whether it is in the shareholder's best interest that SRE manages the sale process, or whether it should be left to Swedbank to do it.

The carrying value of the building in the balance sheet, obtained from an independent valuer, reflects the value given a long-term perspective, it does not reflect the liquidation value at yearend. According to the applicable IFRS rules, a liquidation value can only be presented once there is a concrete decision to liquidate the entity, which is not the case at the moment.

Even though 2018 has been a tough year for the Company, the Russian economy seems to be stabilizing with 2018 being the best year of the previous five, with an annual GDP growth of 1,8%. Still, the Board expect the Russian economy and real estate market to have a slow recovery. According to market experts, estimated future growth in rental rates in the Moscow region is estimated at approximately 5%.

The office spaces in the area surrounding the Gasfield building have been dominated by Gazprom companies, and consequently this market has been hit hard by Gazprom's strategic decision to move several businesses to St. Petersburg. The vacuum left behind by Gazprom is now gradually being filled by small and medium sized companies with lower income than Gazprom, resulting in a lot lower income potential in the area. Nevertheless, the Gasfield building has proven to be competitive, with a higher increase in occupancy than its peers. At yearend 2018 the occupancy was at 86%, compared to an occupancy of 48% the year before. When closing in on full occupancy the rental rates are expected to increase.

Given that the Company continues its operations the Board will focus on reaching full occupancy in the building and increase the rental rate level, thereby preparing for an orderly market sale when the timing is right.

During 2018 the Board has initiated actions to adapt the Group's costs to the current situation. A key issue for the future is to eliminate costs related to the listing on Oslo Stock Exchange.

Consolidated financial statements

The consolidated statements are prepared in accordance with 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 2018.

High occupancy at yearend indicate a higher income in the coming year. The current low vacancy also reduce uncertainty related to future rental income.

Total comprehensive income for 2018 was USD -7.3 million (2017: USD -4.1 million).

Net operating income from investment properties in Russia was USD 0.2 million, a reduction from USD 1.8 million in 2017.

Fair value of investment property reduced by USD 5.4 million from USD 26.8 million to USD 21.4 million (2017: Down USD 4.4 million from USD 31.2 million to USD 26.8 million). The reduction in fair value given by the appraisers is mainly related to weakening of the rouble. The reduction in fair value due to the reduction of income potential was USD 0.9 million (Gazprom had already decided to leave the area by the end of 2017). As previously noted, the fair value is based on a long-term perspective and does not reflect an expected obtainable prize in a forced sale under current market conditions.

Borrowing costs, including interest linked to interest rate swaps, were USD 1.8 million in 2018 (2017: USD 1.9 million). Borrowing costs were affected by a lower average loan amount, but also a higher average interest rates compared to 2017. In accordance with the standstill agreement with Swedbank, the company terminated all interest rate swap agreements before yearend. This resulted in a small termination fee, but also a financial income equal to last year's provision for future liabilities related to the interest rate swaps (USD 0,5 million).

A negative tax expense (tax income) has been recognized, primarily resulting from reduction in the value of the investment property in Russia. Income taxes for the period are USD -0.1 million (2017: USD -0.5 million).

Summary of the balance sheet

The value of investment property totalled USD 21.4 million (2017: USD 26.8 million). Bank deposits totalled USD 0.5 million (2017: USD 2.2 million).

The Group has financed the property in Russia via a bank loan totalling USD 18.7 million (2017: USD 18.1 million). The change in value is due to accumulation of unpaid interest.

The Company was not in breach of covenants of the bank loan as at 31/12/2018, due to the agreed waivers.

Cash flow statement

The Group had a cash flow before changes in working capital of USD -0.9 million (2017: USD 0.8 million).

Investment activities resulted in a net cash flow of USD +0.1 million (2017: USD +0.1 million).

Financing activities resulted in a net cash flow of USD -1.3 million due to interest payments (2017: USD -1.7 million after net proceeds from rights issue of USD 3.2 million, repayment of bank debt of USD 3.0 million and interest payments).

Financial statements for Storm Real Estate ASA

The parent company loss for the year was 7.8 million compared with a loss of USD 4.1 million in 2017. The Parent Company's main source of income is dividends from investments in subsidiaries. In 2018 this income was USD 0.0 million (2017: USD 0.0 million).

The parent company made a provision for losses of USD 8.0 million on its investments in subsidiaries (2017: USD 2.7 million)

Future outlook

The future of the company is dependent on reaching a sustainable agreement with Swedbank in respect of the long term financing of the Group. Without such agreement it is highly unlikely that company will manage to raise sufficient capital to maintain operations.

Return target

The Group's operations are considered associated with higher risk than traditional real estate companies. Given the current high level of uncertainty the Board consider setting a return target to be inapplicable.

Financial risk and risk management

The current unresolved situation with respect to long term financing of the operations represents a major risk. Certain other risk factors may also adversely affect Storm Real Estate, the major risks being risk related to the operations of the company and market

risk. If one or more of these risks or uncertainties are crystallised, 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 and currency risk. For more information about the Group's risks please see note 4 Financial risk management to the Group's financial statements.

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

The parent company has no personnel and the subsidiaries have six employees in Russia, of which four are women. There have been no work-related accidents in 2018. There is no material negative environmental impact related to the Company's operations. The Group recorded 37 days of sickness absence in 2018.

Social responsibility reporting

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

Storm Real Estate has operations in Russia, where corruption is a greater challenge than in Norway. The Company is aware of this and has introduced procedures and routines to its daily operations to reduce the risk of corruption. The Company is conscious of its role in society related to combating corruption, operates with a high level of transparency and openness, and subsidiaries have clear instructions for transparency; in particular with regards to Group management and our auditors. The Board is not aware of any cases of corruption related to the Group's operation, 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 2018 has been prepared under the assumption of a going concern, on the basis that no concrete decision to liquidate the company has been made. However, a liquidation can be forced by the bank within a short period of time, if the company does not reach an agreement with the bank concerning the long-term financing of the Group. Thus, there is significant uncertainty related to the going concern assumption.

Given a sustainable agreement with the bank and a successful cost cutting program, the Board believe the Group will be able to raise capital to provide a long enough time horizon to see improved market conditions, making the Group once again profitable.

Distribution of annual result

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

- Transferred from other equity USD 7,3 million.

Oslo, 30 April 2019

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



Stein Aukner
Chairperson




Morten E. Astrup
Board member



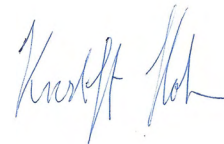
Nini E.H. Nergaard
Board member



Kim Mikkelsen
Board member



Anna Muisej Aanensen
Board member



Kristoffer Holmen
Interim General Manager

Consolidated Statement of Comprehensive Income

Storm Real Estate Group

All numbers in 000 USD

	Note	2018	2017
Continuing operations:			
Rental income	6	1 581	3 034
Total Income		1 581	3 034
Property related Expenses	6	-1 335	-1 242
Personnel Expenses	16	-282	-251
Other Operational Expenses	15	-969	-749
Total Operational Expenses		-2 586	-2 242
Operating Profit (Loss) Before Fair Value Adjustments		-1 005	792
Fair Value Adjustments on Investment Property	6	-904	-5 398
Total Operating Profit (Loss)		-1 909	-4 606
Finance Revenues	14	605	575
Finance Expenses	14	-1 802	-1 999
Currency Exchange Gains (Losses)	14	-62	29
Net Financial Gains (Losses)		-1 259	-1 395
Earnings before Tax (EBT)		-3 168	-6 001
Income Tax Expenses	18,19	-122	-477
Profit (loss), attributable to owners of parent		-3 046	-5 524
Profit (loss), attributable to non-controlling interests		0	0
Other Comprehensive Income:			
<i>Items that are reclassified from Equity to earnings in subsequent periods:</i>			
Translation differences	12,23	-4 287	1 370
Sum other income and expenses after tax		-4 287	1 370
Comprehensive income, attributable to owners of parent		-7 334	-4 154
Comprehensive income, attributable to non-controlling interests		0	0
Earnings per share (EPS), attributable to owners of parent			
Weighted average number of shares		88 345 623	54 208 637
Basic and Diluted earnings per share (USD)		-0,03	-0,10
Basic and Diluted Total Comprehensive Income per share (USD)		-0,08	-0,08

Consolidated Statement of Financial Position

Storm Real Estate Group

All numbers in 000 USD

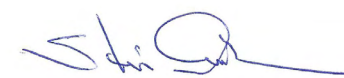
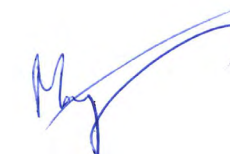
	Note	31.12.18	31.12.17
Fixed Assets			
Investment Property	6	21 419	26 760
PP&E	8	5	10
Sum Fixed Assets		21 424	26 770
Current assets			
Pre-paid income tax	18	208	352
Other Receivables	13	144	265
Cash and Cash Equivalents	11	500	2 247
Total Current Assets		852	2 865
Total Assets		22 277	29 634
Paid-in Equity			
Share Capital	20,22	405	4 575
Share Premium		25 206	21 036
Other Paid-in Equity		56 599	56 605
Total Paid-in Equity		82 210	82 216
Other equity			
Other equity		-79 573	-72 222
Total other equity		-79 573	-72 222
Total Equity		2 637	9 994

All numbers in 000 USD

	Note	31.12.18	31.12.17
Non-current liabilities			
Loans From Credit Institutions	12	0	17 836
Deferred Tax Liabilities	19	112	284
Financial Derivative Liabilities	10	0	528
Other Long-term Liabilities	10	266	287
Total non-current liabilities		378	18 936
Current liabilities			
Trade Payables	11	53	37
Loans from Credit Institutions	12	18 678	300
Other Current liabilities	17	529	367
Total Current liabilities		19 261	705
Total Liabilities		19 639	19 640
Total Equity and Liabilities		22 277	29 634

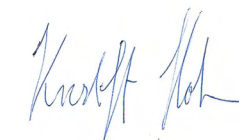
Oslo, 30 April 2019

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


Stein Aukner
Chairperson

Morten E. Astrup
Board member

Nini E.H. Nergaard
Board member

Kim Mikkelsen
Board member

Anna Muisej Aanensen
Board member

Kristoffer Holmen
Interim General Manager

Consolidated Statement of Cash Flows

Storm Real Estate Group

All numbers in 000 USD

	2018	2017
Cash Flow from Operational Activities		
Earnings before Tax	-3 168	-6 001
Adjusted for:		
Depreciations	3	4
Value Adjustments on Investment Property	904	5 398
Financial Income	-77	-97
Financial Expenses	1 273	1 522
Net Currency Gains	130	-7
Cash Flow Before Changes in Working Capital	-935	818
Changes in Working Capital:		
Trade Receivables and Other Receivables	283	208
Trade Payables and Other Payables	184	-1 005
Paid Taxes	-40	-461
Net Cash Flow From Operating Activities	-508	-440
Cash Flow From Investment Activities		
Inflows from sale of fixed assets	2	0
Interest Received	118	79
Net Cash Flow From Investment Activities	120	79
Cash Flow From Financing Activities		
Share issue, payments/costs	-6	3 181
Repayments of Loans	0	-3 000
Interest Paid	-1 267	-1 932
Net Cash flow From Financing Activities	-1 273	-1 751
Net Change in Cash and Cash Equivalents	-1 661	-2 111
Carried Forward Cash and Cash Equivalents	2 247	4 371
FX movements on opening balance	-86	-12
Cash and Cash Equivalents on Closing Date	500	2 247
Of which restricted Cash and Cash Equivalents	238	237

Consolidated Statement of Changes in Equity

Storm Real Estate Group

All numbers in 000 USD

	Paid-in Equity			Other Equity		
	Share Capital	Share Premium	Other Paid-in Equity	Retained Earnings	Translation Differences on Foreign Operations	Total Equity
1 January 2017	1 236	21 036	56 763	5 220	-73 288	10 966
Profit (Loss) for the Period				-5 524		-5 524
Other Comprehensive Income					1 370	1 370
Sum	0	0	0	-5 524	1370	-4 154
Share issue	3 339		-158			3 181
Sum other capital changes	3 339	0	-158	0	0	3 181
31 December 2017	4 575	21 036	56 605	-304	-71 918	9 994
	Paid-in Equity			Other Equity		
	Share Capital	Share Premium	Other Paid-in Equity	Retained Earnings	Translation Differences on Foreign Operations	Total Equity
1 January 2018	4 575	21 036	56 605	-304	-71 918	9 994
Reduction of share capital	-4 170	4 170				0
IFRS 9 Application				-18		-18
Issue cost (2017)			-6			-6
Profit (Loss) for the Period				-3 046		-3 046
Other Comprehensive Income					-4 287	-4 287
Sum	-4 170	4 170	-6 0	-3 064	-4 287	-7 357
31 December 2018	405	25 206	56 599	-3 368	-76 205	2 637

Notes Storm Real Estate Group

1. General information

Storm Real Estate ASA (hereafter "Storm Real Estate", the "Company" or the "Group") is a property investment company that invests in real estate in Russia.

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 Haakon VII's gate 5, 0161 Oslo, Norway. Its current business is owning and operating an office building in Moscow - The Gasfield building.

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 30 April 2019. The final financial statements is expected to be put forward for approval by the general meeting in June 2019.

Going concern is disclosed in note 5.2

2.2 Basis of preparation

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, except for 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.

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 1.1.2017 have had just a small effect on the Group's annual report. Future amendments to standards and interpretations that can be relevant to the Company are described below.

IFRS 15 Revenue from Contracts with Customers

IASB has issued a new, common standard for revenue recognition, IFRS 15. The standard replaces all existing standards and interpretations for revenue recognition. The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

Either a full retrospective application or a modified retrospective application has been required for annual periods beginning on or after 1 January 2018. The Group has carried out an assessment of the effects of implementing the standard, and has not identified any significant effects for its financial position or results.

In accordance with IFRS 15, trade receivables are only recorded to the extent that it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

IFRS 9 Financial Instruments

The application of IFRS 9 changes the measurement and presentation of many financial instruments, depending on their contractual cash flows and the business model under which they are held. The impairment requirements have generally resulted in earlier recognition of any credit losses. The Group has implemented the relevant amendments on the effective date – 1 January 2018. Implementation did not have any material impact on the company's financial position or results. The classification and measurement requirements of IFRS 9 did not have a significant impact for the Group.

IAS 7 Statement of Cash Flows

Disclosure Initiative: The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for both the current and the comparative period in Note 24.

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

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

The Group's policy is to implement the relevant amendments on the effective date where the amendments are relevant to the Group.

(c) Standards to be implemented in 2019.

IFRS 16 Leases

IFRS 16 Leases replaces the existing IFRS standard for leases, IAS 17 Leases. IFRS 16 lays down principles for recognising, 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 recognise 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. Lessees are required to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. Currently, the land plot lease agreement in Russia is the only significant lease contract. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2019. The Group intends to implement the relevant amendments on the effective date.

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 the relevant activities.

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

The purchase method is applied to business combinations. The consideration transferred is measured at the fair value of assets transferred, liabilities incurred and equity instruments issued. The consideration also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs

related to business combinations are expensed as incurred. Identifiable assets and liabilities are recognised at fair value at the acquisition date. Non-controlling interests in the acquiree are measured on a case-by-case basis either at fair value or at their share of the acquiree's net assets.

In the case of a step acquisition, equity interests from previous acquisitions are remeasured at the control date to fair value through profit and loss. Any contingent consideration is recognised at fair value at the acquisition date. In accordance with IFRS 9, subsequent changes to the fair value of the contingent consideration are recognised in the income statement or as a change to other comprehensive income if the contingent consideration is classified as an asset or liability. Contingent considerations classified as equity are not remeasured, and subsequent settlement is entered against equity.

Intra-company transactions, balances, and 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.

2.4 Functional currency and presentation currency

The Group's functional and presentation currency is USD. 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 using the functional currency spot rates of exchange on the reporting date. 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. All currency translation differences are recognised in the income statement.

The assets and liabilities of foreign entities are translated into the presentation currency at the rate on the reporting date, and related income statement items are translated at average exchange rates per quarter. Currency translation differences arising on the translation are recognised as other comprehensive income. In the consolidated financial statements, currency translation differences linked to net investments in foreign operations are included in other comprehensive income until disposal of the net investment, at which point they are recognised in the income statement.

2.5 Segment information

Currently, the Company operates in only one segment – Russian real estate.

3. Summary of significant accounting policies

3.1 Investment property

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

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

Investment property is derecognised when it has been

disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the withdrawal or disposal of investment property are recognised in the income statement in the year of disposal. Gains or losses on the disposal of investment property are determined as the difference between net selling price and the carrying amount of the asset at the time of sale.

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.

Costs incurred after the asset has been taken into use are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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.

3.3 Operating leases

(a) Where a Group company is the lessee

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

(b) Where a Group company is the lessor

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

At the start of a lease agreement tenants pay a security deposit. This is treated as an advance payment from

the tenants. The tenants then continue to pay in advance for the term of their lease, such that the level of the security deposit is maintained.

3.4 Financial assets

The 2018 figures in the financial statements are presented according to the new IFRS 9. 2017 figures are presented according to IAS 39.

3.4.1 Classification

3.4.1.1 Classification according to IAS 39

Financial assets within the scope of IAS 39 Financial Instruments are classified either (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.

3.4.1.2 Classification according to IFRS 9

Financial assets within the scope of IFRS 9 are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

3.4.2 Recognition and measurement

3.4.2.1 Recognition and measurement according to IAS 39

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

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

3.4.2.2 Recognition and measurement according to IFRS 9

For purposes of subsequent measurement, financial assets are classified in four categories:

- a)** Financial assets at amortised cost (debt instruments)
- b)** Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- c)** Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d)** Financial assets at fair value through profit or loss

As at 31 December 2018 the only relevant category is financial assets at amortised cost (debt instruments). The Group measures financial assets at amortised cost if both of the following conditions are met:

- 1)** The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- 2)** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Trade receivables and other receivables are currently the only financial assets at amortised cost.

3.4.3 Derecognition

3.4.3.1 Derecognition according to IAS 39

A financial instrument is derecognised when:

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

3.4.3.2 Derecognition according to IFRS 9

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- 1)** The rights to receive cash flows from the asset have expired, or
- 2)** The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a

passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

3.4.4. Impairment of trade receivables, including contract assets, according to IFRS 9

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3.5 Financial liabilities

The 2018 figures in the financial statements are presented according to the new IFRS 9. 2017 figures are presented according to IAS 39.

3.5.1 Classification

3.5.1.1 Classification according to IAS 39

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 either as financial liabilities at fair value through profit and loss or as other liabilities. Financial liabilities

classified as financial liabilities at fair value through profit or loss comprise liabilities held for trading. 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”.

3.5.1.2 Classification according to IFRS 9

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

3.5.2 Recognition and measurement

3.5.2.1 Recognition and measurement according to IAS 39

All financial liabilities are recognised initially at fair value and, in the case of other liabilities, net of directly attributable transaction costs. Financial liabilities classified at fair value through profit or loss are subsequently measured at fair value. Gains or losses are recognised in the income statement.

3.5.2.2 Recognition and measurement according to IFRS 9

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

- Financial liabilities at fair value through profit or loss
- 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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

3.5.3 Derecognition

3.5.3.1 Derecognition according to IAS 39

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or

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

3.5.3.2 Derecognition according to IFRS 9

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

3.6 Trade receivables according to IAS 39

Trade receivables are recognised 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.

3.7 Cash and cash equivalents

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

3.8 Share capital and treasury shares

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Own equity instruments which are bought back (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in

the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in other equity/ other contributed equity. Voting rights related to treasury shares are canceled and no provision is made for payment of dividends on treasury shares.

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.

3.10 Taxes payable and deferred tax

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

Deferred tax assets are recognised only to the extent that it is probable that there will be future taxable income against which the temporary differences can be 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.

3.11 Revenue recognition

The Group's revenue includes rental income from the properties. This is recognised in income over the period of the lease. Revenue arising from expenses recharged to tenants is recognised in the period in which the expenses can be contractually recovered.

3.12 Interest income

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

3.13 Classification of assets and liabilities

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is expected to be realised or intended to sold or consumed in the normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

3.14 Earnings per share

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

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 focuses on the unpredictability of markets and seeks to identify and, if possible, minimise the potential adverse effects on the Group's financial performance. The Group has attempted to maintain a policy of having solid tenants, 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.

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 some of this risk by continuing to require deposits from tenants, typically equivalent to 2-3 months' rent. The situation has also changed, from having one anchor tenant in the past to currently having several smaller tenants.

(i) Currency risk

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

The rental lease contracts are exposed to the risks of changes in RUB/USD exchange rates. Up to around 2014-2015 rental agreements were in US dollar. Following the recession and geo-political situation with sanctions against Russia, there has been a "de-dollarization" of the Russian real estate market and currently most lease agreements are denominated in Russian roubles. As such the building is a Russian rouble asset, and the bank loan is in US Dollar. A hedge between RUB and USD has been considered, however hedging the Russian rouble comes at a significant cost, and the Company has to date not considered it sufficiently attractive.

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:

	Effect attributable to net income	Effect attributable to equity (other comprehensive income)	Net effect on the Company's equity
<i>USD 000</i>			
1% appreciation in USD	+136	-342	-206
1% depreciation in USD	-136	+342	+206

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.

(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:	Effect attributable to profit for 2018
<i>USD 000</i>	
1% rent increase	+14
1% rent decrease	-14

The carrying value of the building in the balance sheet, obtained from an independent valuer, reflects the value given a long-term perspective, it does not reflect the liquidation value at yearend. According to the applicable IFRS rules, a liquidation value can only be presented once there is a concrete decision to liquidate the entity, which is not the case at the moment.

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

The Company has financed properties with bank loans totalling USD 18.7 million. To reduce the interest rate risk, the Company has earlier entered into interest rate swaps agreements. These agreements were terminated before yearend according to the financial standstill agreements with Swedbank. Hence, there are no interest rate swap agreements effecting the financial accounts for the time being. The table below illustrates the net effect of a change in interest rates of one percentage point.

<i>USD 000</i>	Effect on interest paid (loans)
1% increase in interest rate	-183

The group operations across multiple jurisdictions with corresponding tax risks. Transactions and financing arrangements between related parties have inherent risks related to treatment in local tax jurisdictions with regards to, inter alia, compliance with transfer pricing regulations, corporate tax deductibility, value added tax etc.

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.

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. 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.

4.3 Liquidity risk

The Group has over time aimed to keep liquidity sufficient to meet its foreseeable obligations as well as securing a reasonable capacity to meet unforeseen obligations. Management continuously monitors forecasts of the Group's liquidity reserves.

The company's liquidity risk is very high. As a result of periods with high vacancy in the Gasfield building,

low rental rates and a weak rouble, the income has decreased by 75% since its peak, leaving the Group unable to fulfil its original debt obligations. Hence, since September 2018 the two parties have agreed on several standstill agreements waving covenants, amortization and interest payments, to create time to achieve this. The parties had not agreed on a final solution at yearend. The current standstill agreement expires 30 April. The market will be updated on any changes at once.

The company is working on various solutions to address the liquidity constraints; including cost reductions.

The table below analyses the Group's financial liabilities (borrowing), broken down by maturity (all figures in USD 000). Since there is significant uncertainty related to the going concern assumption, all liabilities are classified as short-term. Hence, the maturity is set to less than one year.

Going concern is disclosed in note 5.2.

As at 31 December 2018	0-1 years	1-5 years	5+ years	Total
Repayments of interest-bearing debt *	18,678	0	0	18,678
Advance payments from tenants	344	0	0	344
Interest rate swaps (undiscounted)	0	0	0	0
Trade payables and other short-term debt	239	0	0	239
Interest on loans	1,607	0	0	1,607
Total	20,868	0	0	20,868

As at 31 December 2017	0-1 years	1-5 years	5+ years	Total
Repayments of interest-bearing debt *	300	17,843	0	18,143
Advance payments from tenants	183	0	0	183
Interest rate swaps (undiscounted)	266	265	0	531
Trade payables and other short-term debt	222	0	0	222
Interest on loans	1,389	679	0	2,067
Total	2,360	18,787	0	21,146

* Nominal (actual) value, not amortised cost (accounting value).

Due to the company's liquidity situation, below are the major financial liabilities broken down into 3-month periods:

As at 31 December 2018	0-3 m	3-6 m	6-9 m	9-12 m	Sum
Repayments of interest-bearing debt	0	0	0	18,678	18,678
Interest on loans	405	399	401	402	1,607
Interest rate swaps (undiscounted)	0	0	0	0	0
Sum first year loan and swaps	405	399	401	19,080	20,285

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 appropriate capital structure. In order to maintain or adjust the capital structure, the Group may adjust the level of the dividend paid to shareholders, issue new shares or sell assets to reduce debt. The Group's capital comprises capital invested through investments in investment property, as well as cash and cash equivalents.

As a result of the dramatic persistent decrease in income, the group is loss-making given the current financing, and is reliant on a positive outcome from the negotiation between the company, the bank and other relevant stakeholders in order to survive. Due to this, there is a significant uncertainty related to the going concern assumption.

Going concern is disclosed in note 5.2.

4.4 Tax risk

The Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities.

Recent events within Russia suggest that the tax authorities are taking a more assertive position in its interpretation of the legislation and assessments and, as a result, it is possible that transactions and activities

that have not been challenged in the past may be challenged. As such, additional taxes, penalties and interest may be assessed.

Separately, new deoffshorization rules, which came into force starting 1 January 2015, may have influence on tax affecting the Group and should be mentioned. In accordance with these rules the Russian tax authorities have the right to challenge application of the double tax treaty benefits (beneficial ownership concept). These amendments as well as the concept of taxation of capital gains from indirect sale of property-rich companies, may impact the Group.

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.

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the annual report for 2018 has been prepared under the assumption of a going concern, on the basis that no concrete decision to liquidate the company has been made. However, a

liquidation can be forced by the bank within a short period of time, if the company does not reach an agreement with the bank concerning the long-term financing of the Group. Thus, there is significant uncertainty related to the going concern assumption.

Given a sustainable agreement with the bank and a successful cost cutting program, the Board believe the Group will be able to raise capital to provide a long enough time horizon to see improved market conditions, making the Group once again profitable.

5.1 Use of accounting estimates and judgment

Fair value of investment property (estimate)

Investment property is recognised at fair value. A separate valuation is carried out by an independent expert 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 recognised method for valuation of real estate. A valuation is only an estimate, the outcome of which depends on the assumptions adopted by the valuer. Such assumptions may account for the potential of a property in a complex market environment in different ways. 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 had 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.

5.2 Going concern

During the year SRE has negotiated with its main creditor Swedbank, to reach a long-term financing solution that will make the Company able to continue its operations. Since September 2018 the two parties have agreed on several standstill agreements waving covenants, amortization and interest payments, to create time to achieve this. The parties had not agreed on a final solution at yearend. The current standstill agreement expires 30 April. The market will be updated on any changes at once.

Swedbank has communicated that it wishes to exit its engagement with SRE. In connection with Swedbank's desire to exit the engagement, SRE has obtained loan offers from several banks. The Board believe that the Group will only be able to refinance provided Swedbank takes a significant haircut.

Without an agreement with Swedbank it is expected that the Gasfield building will be put up for sale on the open market at the request of Swedbank. Given the current poor sale conditions in the Moscow real estate market, a forced sale within a short period of time will most likely result in a price significantly lower than the debt amount, leaving no value to the Company's existing shareholders. In case the bank instructs the Board to put the building up for sale, the Board will evaluate whether it is in the shareholder's best interest that SRE manages the sale process, or whether it should be left to Swedbank to do it.

The carrying value of the building in the balance sheet, obtained from an independent valuer, reflects the value given a long-term perspective, it does not reflect the liquidation value at yearend. According to the applicable IFRS rules, a liquidation value can only be present-

ed once there is a concrete decision to liquidate the entity, which is not the case at the moment. Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the annual report for 2018 has been prepared under the assumption of a going concern, on the basis that no concrete decision to liquidate the company has been made. However, a liquidation can be forced by the bank within a short period of time, if the company does not reach an agreement with the bank concerning the long-term financing of the Group. Thus, there is significant uncertainty related to the going concern assumption.

Given a sustainable agreement with the bank and a successful cost cutting program, the Board believe the Group will be able to raise capital to provide a long enough time horizon to see improved market conditions, making the Group once again profitable.

See also note 4.3 and 4.4 for more information related to going concern.



6. Investment property

000 USD

GROUP

Value as valued by an independent valuer:	2018	2017
As at 1 January	26 580	30 500
Value Adjustment Investment Property *	-5 280	-3 920
Value per Closing date	21 300	26 580
Other assets recognised as part of Investment Property:		
As at 1 January	180	716
Changes in carrying value of land plot lease agreements **	-61	-6
Changes in carrying value of embedded derivatives contract ***	0	-529
Value per Closing date	119	180
Carrying value of Investment Property IFRS 01.01	26 760	31 215
Carrying value of Investment Property IFRS 31.12	21 419	26 760

* The functional currency of the Russian subsidiaries including the buildings in Russian Rouble. The fair value changes has two elements:

GROUP

	2018	2017
Change in RUB over income statement	-904	-5 398
Translation Differences over comprehensive Income	-4 437	943
Net movement in fair value	-5 341	-4 455

** The Company has capitalised land plot lease agreements in accordance with IAS 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. Following the termination from said anchor tenants, the embedded derivative was de-recognised on 31 May 2017. On the closing date, the group did not have any such embedded derivative (see liabilities in note 10).

The valuation of investment property as 31 December 2017 and 2018 has been performed by an independent expert valuer, Cushman & Wakefield in Moscow. 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.

The carrying value of the building in the balance sheet reflects the value given a long-term perspective, it does not reflect the liquidation value at yearend. According to the applicable IFRS rules, a liquidation value can only be presented once there is a concrete decision to liquidate the entity, which is not the case at the moment.

Also see note 5 for critical accounting estimates and assumptions.

Independent valuer's valuation parameters	31.12.2018	31.12.2017
Discount rates	14,0 %	14,5 %
Capitalisation rates	10,0 %	10,5 %
Market rates, RUB/sq.m (net of VAT and op.ex), main office areas	16 000	18 000

Sensitivity analysis at 31 December 2018, million USD	31.12.2018	31.12.2017
Effect of an increase in discount rates of 1.0%	-0,8	-1,0
Effect of an increase in capitalisation rates of 1.0%	-1,4	-1,7

Summary of significant contracts

As at 31 December 2018 the occupancy rate of the Gasfield building was 86%, divided on 69 lease agreements.

	GROUP	
Specification of tenants representing more than 10% of the group's income in the financial year:	2018	2017
LLC SAKS	1 676	-
LLC Toy.ru	1 010	-

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 %
Gasor Consulting Ltd	Cyprus	2008	100 %

Storm Real Estate Ltd was dissolved as at 23 October 2018

8. Property, plant & equipment

000 USD

	Computers and telephony	Sum	Computers and telephony	Sum
Historic cost	2018	2018	2017	2017
At 1 January	97	97	102	102
Additions	0	0	0	0
Disposals	-17	-17	-5	-5
At 31 December	80	80	97	97
Depreciation and impairment				
At 1 January	-87	-87	-84	-84
Depreciations this period	-3	-3	-4	-4
Translation differences of depreciations and write-downs	15	15	1	1
At 31 December	-75	-75	-87	-87
Net book value 31 December	5	5	10	10

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).

9. Tenancy agreements

000 USD

GROUP

Future minimum rents receivable under non-cancellable

contracts are as follows:	31.12.2018	31.12.2017
Within 1 year	1 684	1 109
Between 1 and 5 years	2 336	822
Over 5 years	426	0
Sum	4 445	1 938

10. Other financial assets and liabilities

000 USD

GROUP

Derivative liabilities not designated as hedges

	31.12.2018	31.12.2017
Interest rate swaps		
Land plot leases	0	-528
Sum derivative liabilities not designated as hedges	-119	-180
	-119	-708

Total other financial liabilities	-119	-708
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	31.12.2018	31.12.2017
Interest bearing loans		
Interest bearing loans	18 678	18 136
Total interest bearing loans	18 678	18 136

Interest rate swaps

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. Storm Real Estate ASA terminated its interest rate swaps according to the current standstill agreement with the bank. Hence, as at 31 December 2018 the Group no longer had any interest rate swaps.

11. Fair value hierarchy

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

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

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

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

Assets measured at fair value	Level 1	Level 2	Level 3	Sum
Investment property (*)	0	0	21 419	21 419
Sum	0	0	21 419	21 419

Liabilities measured at fair value / where

fair value must be presented	Level 1	Level 2	Level 3	Sum
Interest bearing loans	0	18 678	0	18 678
Land plot leases	0	119	0	119
Interest rate swaps	0	0	0	0
Sum	0	18 797	0	18 797

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

Comparison by class

The classification and measurement requirements of IFRS 9 did not have a significant impact for the Group. The Group continued measuring land plot lease at fair value as previously under IAS 39. Trade receivables are held to collect contractual cash flows and give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Hence, they are classified as Financial assets at amortised cost.

Interest-bearing loans and borrowings, Trade liabilities and Other short-term liabilities are classified and measured as Debt instruments at amortised cost beginning 1 January 2018.

In accordance with IFRS 9	Carrying amount	Financial assets	Other
	31.12.2018	at amortised cost	31.12.2018
Financial assets	31.12.2018	31.12.2018	31.12.2018
Trade receivables			
Other receivables	144	144	
Cash and short-term deposits	500		500
Sum	644	144	500
Financial liabilities	31.12.2018	Debt instruments	Financial liabilities
		at amortised cost	at fair value through
		31.12.2018	profit and loss
			31.12.2018
Interest-bearing loans and borrowings	18 678	18 143	
Trade liabilities	53	53	
Other short-term liabilities	530	530	
Land plot leases	119		119
Sum	19 380	18 726	119

In accordance with IAS 39

	Carrying amount	Fair value
Financial assets	31.12.2018	31.12.2018
Trade receivables	37	37
Other receivables	228	228
Cash and short-term deposits	2 247	2 247
Sum	2 512	2 512
Financial liabilities		
Interest-bearing loans and borrowings	18 136	18 143
Trade liabilities	37	37
Other short-term liabilities	367	367
Land plot leases	180	180
Sum	18 721	18 727

Trade receivables of TUSD 37 are less than the amount of collected deposits that can be used as payment if these receivables are overdue. Hence, the ECL is zero (see note 3.4.4)

Cash and cash equivalents include restricted cash of 237 (2017: 237).

12. Bank loan

000 USD

GROUP

Interest bearing borrowings at amortised cost	Interest	Maturity	31.12.2018	31.12.2017
Secured bank loan	LIBOR + margin	June 2019	18 678	18 143
Sum interest bearing borrowings at amortised cost			18 678	18 143

Nominal value:

The nominal value of the bank loan as at 31 December 2018 was 18,678 and as at 31 December 2017 was 18,143. No fair value adjustment to the bank debt has been made as the value of the investment property exceeds the loan value.

The purpose of these amended terms is to give the company and the bank time to negotiate a long-term financing solution for the company.

As a result of the amended terms the Company has had the following interest costs and payments in 2018 (000 USD):

Loan period	Interest cost	Interest payment	Accumulated unpaid interests
Q1	344	344	0
Q2	434	434	0
Q3	386	256	130
Q4	405	0	405
2018	1 569	1 034	535

Security:

The investment property Gasfield in Moscow is pledged as security for the bank loan, book value 21,419.

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 %

In September 2018 the Company did no longer have the ability to fulfil its current loan obligations. The company's lender has granted amended terms to the company's loan agreement.

The amended terms include:

- postponement of the maturity date to June 2019
- no amortisation up to and including 30 April 2019
- waiving of covenants up to and including 30 April 2019
- termination of all interest rate swap agreements
- Payment of interests according to ability

13. Other receivables

000 USD

GROUP

Other receivables	31.12.2018	31.12.2017
Taxes receivable *	69	50
Other receivables	75	215
Sum other receivables	144	265

See note 11 for more information concerning the value of the trade receivables.

*) The Russian entity has a VAT receivable.

14. Finance income and costs

000 USD

Finance income and costs from continuing operations:

GROUP

Finance income	2018	2017
Interest income	76	76
Changes in fair value, held-for-trading financial investments	0	0
Changes in fair value, financial derivatives over profit and loss	528	478
Other finance income	0	21
Sum finance income	605	575

GROUP

Finance costs	2018	2017
Interest costs from loans measured at amortised cost	-1 802	-1 942
Sale of subsidiary	0	0
Changes in fair value, financial derivatives over profit and loss	0	0
Changes in fair value, held-for-trading financial investments	0	0
Other finance costs	0	-57
Sum finance costs	-1 802	-1 999

GROUP

Foreign exchange gains and losses	2018	2017
Foreign exchange gains	97	645
Foreign exchange losses	-160	-617
Sum foreign exchange gains and losses	-62	29

Net finance gains (losses), continuing operations	-1 259	-1 395
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Finance income and costs from discontinued operations:	2018	2017
Net Currency Gain (Loss)	0	0
Fair Value Adjustment, Financial Investments	0	0
Net Finance Gains (Losses) discontinued operations	0	0

15. Other operating expenses

000 USD

	GROUP	
	2018	2017
Other operating expenses		
Management fees (*)	377	364
Legal, agency and consultancy fees	251	111
Accounting	78	0
Auditors	171	118
Other operating expenses	88	153
Depreciation	3	4
Sum other operating expenses	969	749

(*) see further details about management fees in notes 16 and 21.

	GROUP	
	2018	2017
Auditor fees (auditor fees are quoted excl.vat)		
Audit fees	138	71
Other services	33	47
Sum auditor expenses	171	118

16. Personnel costs

000 USD

	GROUP	
	2018	2017
Personnel costs		
Salaries and bonuses	171	162
Board fees	61	48
Social security taxes	51	41
Sum personnel costs	282	251
Number of employees	6	5
Average number of employees	6	5

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. See note 21 Related Party transactions. Also see note 8 to the parent company's accounts for a list of board fees.

17. Other current liabilities

000 USD

	GROUP	
	2018	2017
Taxes payable	168	56
Advance rents received	225	183
Other current liabilities	136	128
Sum other current liabilities	529	367

18. Income tax

000 USD

	GROUP	
	2018	2017
Tax recognised over consolidated income statement		
Current income tax	-6	142
Movement in deferred tax	-116	-619
Sum income tax	-122	-477

	GROUP	
	2018	2017
The tax on the group's profit before tax differs from the theoretical amount as follows:		
Profits before tax	-8 668	-8 775
Tax at domestic tax rates applicable to respective countries	-2 123	-1 886

	GROUP	
	2018	2017
Tax effects of:		
FX variations between functional currency and tax currency	-457	399
Income not subject to tax	-796	-558
Expenses not deductible for tax purposes	2 778	796
Withholding tax from foreign entities	40	30
Tax losses for current year not recognised	436	258
Recognition of earlier years' non-recognised deferred tax expense	0	463
Recognition of earlier years' non-recognised deferred tax assets	0	0
Changes in deferred tax due to changed tax rate	0	0
Effect of tax merger	0	0
Sum income tax	-122	-477

19. Deferred tax

000 USD

	GROUP	
	2018	2017
Deferred tax reversal		
Deferred tax liabilities reversed in less than 12 months	0	0
Deferred tax liabilities reversed after more than 12 months	112	284
Net deferred tax liability	112	284

	GROUP	
	2018	2017
Deferred tax expense		
Per 1 January	284	864
Charged over income statement in the period	-116	-1 082
Use of non-recognised deferred tax	0	0
Charged over comprehensive income in the period	-56	39
Recognition of earlier years' non-recognised deferred tax	0	463
Effect of intra-group merger	0	0
Current year tax losses not recognised	0	0
Deferred tax liability as per 31 December	112	284

19. Deferred tax (continued)

000 USD

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

Deferred tax assets	C/forward losses	Non current		Other	Sum
		Receivables	assets		
1 January 2017	0	0	0	0	0
Period movement (recognised)	0	0	0	0	0
Period movement (non-recognised)	0	0	0	0	0
1 January 2018	0	0	0	0	0
Period movement (recognised)	0	0	0	0	0
Period movement (non-recognised)	0	0	0	0	0
31 December 2018	0	0	0	0	0
Deferred tax					
1 January 2017	0	-2 569	-880	2 586	864
Period movement	0	0	-580	0	-580
Period movement (non-recognised)	0	0	0	0	0
1 January 2018	0	2 569	300	-2 586	284
Period movement	0	0	-172	0	-172
Period movement (non-recognised)	0	0	0	0	0
31 December 2018	0	2 569	128	-2 586	112
Net deferred tax liabilities 2017	0	2 569	300	-2 586	284
Net deferred tax liabilities 2018	0	2 569	128	-2 586	112

20. Earnings per share

000 USD

GROUP

Basic and diluted earnings per share	2018	2017
Net profit attributable to ordinary equity holders of parent company (000 USD)	-3 046	-5 528
Weighted average number of shares	88 345 623	54 208 637
Net profit per share attributable to ordinary equity holders (1 USD)	-0,03	-0,10

GROUP		
Basic and diluted Total comprehensive income per share	2018	2017
Total comprehensive income (000 USD)	-7 334	-4 154
Weighted number of shares	88 345 623	54 208 637
Total comprehensive income per share (1 USD)	-0,08	-0,08

21. Related party transactions

000 USD

The Group has an asset management agreement with Storm Capital Management Ltd.
Board member Morten E. Astrup is sole shareholder of Storm Capital Management Ltd.

The agreed fee for the asset management services is NOK 250k per month. In 2018 an error from 2016 was corrected, resulting in an annual fee of app. NOK 3,090k instead of NOK 3,000k.

Due to the liquidity situation in the Group, it has been agreed that only half of the fee is payable each month. The remaining unpaid fee accumulate as an unsecured liability in the balance sheet of Storm Real Estate ASA. As at 31 December the debt to Storm Capital Management Ltd was NOK 500k.

Transactions with related parties	GROUP	
	2018	2017
Storm Capital Management Ltd. - management fee	377	364
Storm Capital Management Ltd. - termination fee	0	0
Storm Capital Management Ltd. - accounting services	0	30
Total related party transactions	377	393

22. Shareholder capital and shareholders

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

23. Operating segments and discontinued operations

Currently, the Company operates in only one segment – Russian real estate.

24. Changes in liabilities arising from financing activities

000 USD

Pursuant to amendments to IAS 7, the group is from 2017 required to disclose changes in liabilities arising from financing activities.

	31.12.2017	Cash flows	Other	31.12.2018
Interest bearing loans - non-current	17 836	0	-17 836	0
Interest bearing loans - current	300	0	17 843	18 143
Accrued interest	51	-51	535	535
Total liabilities from financing activities	18 186	-51	542	18 678

	31.12.2016	Cash flows	Other	31.12.2017
Interest bearing loans - non-current	18 716	-3 000	2 120	17 836
Interest bearing loans - current	2 366	0	-2 066	300
Accrued interest	78	-78	51	51
Total liabilities from financing activities	21 159	-3 078	105	18 186

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including the effect of accrued but not yet paid interest on interest-bearing loans and borrowings, and the effect of non-cash flow amortisation of borrowing costs.

Statement of Comprehensive Income

Storm Real Estate ASA

for the period 1 January - 31 December

All numbers in 000 USD

	Note	2018	2017
Other income		0	0
Total income		0	0
Personnel expenses	8	-69	-56
Other operating expenses	7	-697	-590
Total operating expenses		-767	-646
Operating profit (loss) before fair value adjustments		-767	-646
Finance revenues	6	3 577	1 089
Finance expenses	6	-9 733	-4 797
Currency exchange gains (losses)	6	-843	283
Net financial gains (losses)		-6 998	-3 425
Earnings before tax (EBT)		-7 765	-4 070
Income tax expense	10,11	40	30
Profit (loss) for the period		-7 805	-4 100
Other comprehensive income:			
Translation differences from foreign operations		0	0
Other comprehensive income, net of tax		0	0
Total Comprehensive income for the period		-7 805	-4 100

Statement of Financial Position

Storm Real Estate ASA

per 31 December

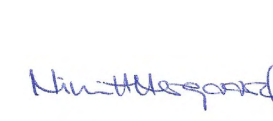
All numbers in 000 USD	Note	31.12.18	31.12.17
ASSETS			
Non-current assets			
Investment in subsidiaries	2	16 444	24 444
Loans to subsidiaries	13	3 795	4 566
Total non-current assets		20 239	29 010
Current assets			
Receivables from group companies	13	441	360
Other receivables	5	10	91
Cash and cash equivalents	13	401	1 891
Total current assets		852	2 343
TOTAL ASSETS		21 091	31 353
EQUITY AND LIABILITIES			
Paid-in equity			
Ordinary shares	12	405	4 575
Share premium		25 206	21 036
Treasury shares	12	0	0
Other paid-in equity		56 599	56 605
Total paid-in equity		82 210	82 216
Other equity			
Other equity		-79 980	-72 177
Total other equity		-79 980	-72 177
TOTAL EQUITY		2 229	10 039

All numbers in 000 USD	Note	31.12.18	31.12.17
Liabilities			
Non-current liabilities			
Loans from credit institutions	4	0	17 836
Loans from group companies	13	37	0
Deferred tax liabilities	11	0	0
Financial derivatives	3	0	528
Total non-current liabilities		37	18 364
Current liabilities			
Trade liabilities		6	4
Corporate tax payable	10	0	0
Loans from credit institutions	4	18 678	300
Payables to group companies	13	26	2 542
Other short-term liabilities	9	115	103
Total current liabilities		18 825	2 950
TOTAL LIABILITIES		18 862	21 314
TOTAL EQUITY AND LIABILITIES		21 091	31 353

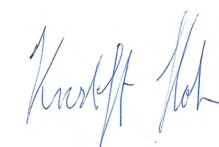
Oslo, 30 April 2019

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


Stein Aukner
Chairperson

Morten E. Astrup
Board member

Nini E.H. Nergaard
Board member

Kim Mikkelsen
Board member

Anna Muisej Aanensen
Board member

Kristoffer Holmen
Interim General Manager

Statement of Cash Flows

Storm Real Estate ASA

for the period 1 January - 31 December

All numbers in 000 USD

	Note	2018	2017
Cash Flow from operational activities			
Earnings before tax		-7 765	-4 070
adjusted for			
finance income	6	-3 577	-1 089
finance expenses	6	9 773	4 797
net currency gains		843	-261
Cash Flow before changes in working capital		-726	-624
Change in working capital:			
trade receivables and other receivables		81	-4
trade payables and other payables		7	-107
Intra-group payables		-2 479	0
paid taxes		-40	-30
Net cash flow from operational activities		-3 157	-765
Net cash flow from investment activities			
Net payments in/out from intra-group loans		402	0
Dividends received		2 475	0
Interest received		0	280
Net cash flow from investment activities		2 877	280
Cash flow from financing activities			
Share issue		0	3 181
Repayment of loans	4	0	-3 000
Interest paid		-1 232	-1 932
Net cash flow from financing activities		-1 232	-1 751
Net change in cash and cash equivalents		-1 511	-2 236
Carried forward cash and cash equivalents		1 891	4 117
Currency exchange variation on cash and cash equivalents		21	11
Cash and cash equivalents at end of period		401	1 891
Including restricted cash and deposits		237	237

Statement of Changes in Equity

Storm Real Estate ASA

All numbers in 000 USD

	Note	Paid-in Equity			Other Equity	Total Equity
		Share Capital	Share Premium	Other Paid-in Equity	Retained Earnings / losses	
1 January 2017		1 236	21 036	56 761	-68 077	10 958
Profit (loss) for the period					-4 100	-4 100
Capital increase	12	3 339		-158		3 181
Sum		3 339	-	-158	-4 100	-919
31 December 2017		4 575	21 036	56 603	-72 177	10 039
1 January 2018		4 575	21 036	56 603	-72 177	10 039
Reduction of share capital		-4 170	4 170			0
Profit (loss) for the period					-7 804	-7 804
Issue cost (2017)				-6		-6
Sum		-4 170	4 170	-6 0	-7 804	-7 810
31 December 2018		405	25 206	56 597	-79 981	2 229

Notes Storm Real Estate ASA

1. Accounting Principles

Storm Real Estate ASA is a public limited liability company registered in Norway. Its head office is at Haakon VIIS gate 5, 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 at cost unless the value is considered to be impaired. 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.

2. Investment in subsidiaries

000 USD

SRE ASA investment in subsidiaries	Location	Formed/ acquired	Ownership	Equity 31.12.2018	Book value SRE ASA 2018	Book value SRE ASA 2017
Gasor Consulting Ltd	Cyprus	2015	99 %	150	16 444	24 444
Tiberton Yard Holding 2 Ltd	Cyprus	2015	100 %	-2	0	0
Sum				148	16 444	24 444

Storm Real Estate Ltd has been deemed to be dissolved as from 23 October 2018.

SRE ASA (99%) and Tiberton Yard Holding 2 Ltd (1%) owns the shares in Gasor Consulting Ltd. Gasor Consulting Ltd owns 100% of the shares in LLC Martex. LLC Martex owns and operates the Gasfield building (the investment property). The parent company has in 2018 made an impairment provision of MUSD 8 on the investment in Gasor Consulting Ltd. due to the reduced value of the underlying investment property.

3. Other financial assets and liabilities

000 USD

SRE ASA		
Derivative liabilities not designated as hedges	31.12.2018	31.12.2017
Interest rate swaps	0	528
Sum derivative liabilities not designated as hedges	0	528
Total other financial liabilities	0	528
Interest bearing loans	31.12.2018	31.12.2017
Interest bearing loans	18 678	18 136
Total interest bearing loans	18 678	18 138

See note 4 below for further information on the interest bearing loans.

Interest rate swaps

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. Storm Real Estate ASA terminated its interest rate swaps according to the current standstill agreement with the bank. Hence, as at 31 December 2018 the Company no longer had any interest rate swaps.

4. Fair value hierarchy

000 USD

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.

Financial liabilities measured at fair value /

where fair value must be presented	Level 1	Level 2	Level 3	Sum
Loans and borrowings	0	18 678	0	18 678
Interest rate swaps	0	0	0	0
Sum	0	18 678	0	18 678

The 2018 figures are according to IFRS 9, while the 2017 figures are according to IAS 39, hence the two tables.

Loans and borrowings	Interest	Maturity	31.12.2018
Secured bank loan	LIBOR + margin	June 2019	18 678
Sum Loans and borrowings			18 678

Interest bearing borrowings at amortised cost	Interest	Maturity	31.12.2017
Secured bank loan	LIBOR + margin	June 2019	18 136
Sum interest bearing borrowings at amortised cost			18 136

Nominal value: The nominal value of the bank loan as of 31 December 2016 was 21,143 and as of 31 December 2017 was 18,143.	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 %
Security: The investment property Gasfield in Moscow is pledged as security for the bank loan, book value 26,580.	For loan to value up to 70%	6,00 %
	For loan to value over 70%	8,00 %

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

In September 2018 the Company did no longer have the ability to fulfill its current loan obligations. The company's lender has granted amended terms to the company's loan agreement.

The amended terms include:

- postponement of the maturity date to June 2019
- no amortisation up to and including 30 April 2019
- waiving of covenants up to and including 30 April 2019
- termination of all interest rate swap agreements
- Payment of interests according to ability

The purpose of these amended terms is to give the company and the bank time to negotiate a long-term financing solution for the company.

As a result of the amended terms the Company has had the following interest costs and payments in 2018 (000 USD):

Loan period	Interest cost	Interest payment	Accumulated unpaid interests
Q1	344	344	0
Q2	434	434	0
Q3	386	256	130
Q4	405	0	405
2018	1 569	1 034	535

5. Trade and other receivables

000 USD

	SRE ASA	
Other receivables	31.12.2018	31.12.2017
Taxes receivable	0	0
Other receivables	10	91
Sum other receivables	10	91

6. Finance income and costs

000 USD

SRE ASA

Finance income	2018	2017
Interest income	7	8
Changes in fair value, held-for-trading financial investments	0	0
Interest gains from group companies	567	603
Dividends from subsidiaries	2 475	0
Gains from the disposal of shares in subsidiaries	0	0
Changes in fair value, financial derivatives over profit and loss	528	478
Reversal of provision for loss on group companies	0	0
Other finance revenues	0	0
Sum finance income	3 577	1 089

Finance costs	2018	2017
Interest costs from loans measured at amortised cost	-1 733	-1 963
Changes in fair value, financial derivatives over profit and loss	0	0
Changes in fair value, held-for-trading financial investments	0	0
Interest costs to group companies	0	0
Impairment of investment in group companies	-8 000	-2 804
Other finance costs		-30
Sum finance costs	-9 733	-4 797

Foreign exchange gains and losses	2018	2017
Foreign exchange gains	92	881
Foreign exchange losses	-935	-598
Sum foreign exchange gains and losses	-843	283

Net finance gains (losses)	-6 998	-3 425
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7. Other operating expenses

000 USD

SRE ASA

Other operating expenses	2018	2017
Management fees	377	364
Legal, agency and consultancy fees	43	33
Accounting	78	73
Auditors	133	84
Other operating expenses	66	36
Sum other operating expenses	697	590

SRE ASA

Auditor fees	(auditor fees are quoted excl. vat)	2018	2017
Audit fees		100	37
Other services		33	47
Sum auditor expenses		133	84

8. Personnel costs

000 USD

	SRE ASA	
Personnel costs	2018	2017
Board fees	61	48
Social security taxes	9	8
Sum personnel costs	69	55

The parent company did not have any employees in 2017 or 2018 and therefore no pension scheme.

The interim general manager, Kristoffer Holmen, is an employee in Storm Capital Management Ltd (the asset manager of SRE) and receives his salary from this company. The asset management fee is set to cover these costs.

000 NOK

	SRE ASA	
Board fees (incl fees for board committees) paid out in the year	2018	2017
Stein Aukner, chairman of the board	250	250
Morten E. Astrup	0	0
Kim Mikkelsen	0	0
Nini H. Nergaard	125	125
Anna Musiej Aanensen	125	0
Christopher W Ihlen (former board member)		43
Sum board fees	500	418

Board fees for 2017-2018:

Chairman of the board:	250.000 NOK
Board members:	125.000 NOK

Board fees for 2017-2018 are subject to approval by the Annual General Meeting in June 2018. The Audit Committee has been discontinued from 2016-2017.

9. Other current liabilities

000 USD

	SRE ASA	
	2018	2017
Accrued expenses	65	90
Other current liabilities	50	13
Sum other current liabilities	115	103

10. Income tax

000 USD

	SRE ASA	
Tax recognised over income statement	2018	2017
Current income tax (withholding tax from other jurisdictions)	40	30
Movement in deferred tax	0	0
Sum income tax	40	30

Basis for taxation, parent company	2018	2017
Earnings before tax in functional currency USD	-7 805	-4 070
FX variations between functional currency and tax currency	-1 987	1 664
Income and expenses not subject to taxation	6 360	1 224
Movement in temporary differences	1 535	-1 979
Basis for taxation	-1 897	-3 161
Tax payable	0	0

11. Deferred tax

000 USD

	SRE ASA		
Temporary differences, parent company	31.12.2018	31.12.2017	Change
Financial liabilities		521	-521
Receivables (*)	6 451	5 213	1 238
Tax losses carried forward	11 264	9 011	2 253
Sum temporary differences	17 715	14 745	2 970
Tax rate	22 %	23 %	23 %
Deferred tax asset (liability)	3 897	3 391	506
Recognised deferred tax asset (liability)	0	0	0
Non-recognised deferred tax asset (liability)	3 897	3 391	506

(*) The large movement in temporary differences on receivables is a result of unrealised currency gains on intra-group balances, which were eliminated as a result of the inter-company merger (see note 2).

12. Share capital and shareholders

NOK

	SRE ASA	
Share capital and nominal value	31.12.2018	31.12.2017
Shares issued	88 345 623	88 345 623
Nominal amount	0,02	0,40
Share capital	1 766 912	35 338 249

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

12. Share capital and shareholders (continued)

NOK

20 largest shareholders as of 31 December 2018	Type	Country	Shares	%
ACONCAGUA MANAGEMENT LTD		LUXEMBOURG	23 880 399	27,03 %
JPMORGAN CHASE BANK, N.A., LONDON	NOM	UK	22 127 626	25,05 %
J.P. MORGAN BANK LUXEMBOURG S.A.	NOM	UK	6 375 172	7,22 %
BANAN II AS			2 895 281	3,28 %
PACTUM AS			2 791 494	3,16 %
AUBERT VEKST AS			2 495 907	2,83 %
J.P. MORGAN BANK LUXEMBOURG S.A.	NOM	UK	2 129 779	2,41 %
ØSTLANDSKE PENSJONISTBOLIGER AS			1 452 635	1,64 %
ØRN NORDEN AS			1 082 286	1,23 %
HYGGEN			931 250	1,05 %
SAMSØ AS			891 690	1,01 %
MOTOR-TRADE EIENDOM OG FINANS AS			866 811	0,98 %
ALBION HOLDING AS			747 625	0,85 %
Svenska Handelsbanken AB			722 343	0,82 %
LANGBERG	NOM		700 000	0,79 %
TDL AS			476 250	0,54 %
FINANSFORBUNDET			416 650	0,47 %
IFG HOLDING AS			415 000	0,47 %
BLAKSTAD MASKIN AS			338 162	0,38 %
LKG EIENDOM AS		NORWAY	303 911	0,34 %
Sum 20 largest shareholders			72 040 271	81,54 %
OTHER SHAREHOLDERS			16 305 352	18,46 %
Sum			88 345 623	100,00 %

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

The shareholder list shows the shareholder register from VPS as at 31 December 2018. Any trades via brokers before the closing date which is registered after the closing date is not reflected in the shareholder list.

Shares controlled by board members		Shares	%
Morten E. Astrup	via Aconcagua Management Ltd and Ørn Norden AS	24 962 685	28,26 %
Kim Mikkelsen	via Strategic Investments A/S	22 127 626	25,00 %
Stein Aukner	via Banan II AS and Aukner Holding AS	3 047 235	3,45 %
Sum		50 137 546	56,81 %

13. Related party transactions

000 USD

The Group has an asset management agreement with Storm Capital Management Ltd.

Board member Morten E. Astrup is sole shareholder of Storm Capital Management Ltd.

The agreed fee for the asset management services is NOK 250k per month. In 2018 an error from 2016 was corrected, resulting in an annual fee of app. NOK 3,090k instead of NOK 3,000k.

Due to the liquidity situation in the Group, it has been agreed that only half of the fee is payable each month. The remaining unpaid fee accumulate as an unsecured liability in the balance sheet of Storm Real Estate ASA. As at 31 December the debt to Storm Capital Management Ltd was NOK 500k.

SRE has earlier provided a loan to LLC Martex. The principal amount is RUB 264 187 101 and accumulated interests are RUB 26 871 085 as at 31 December 2018. The interest rate is 13.5%. SRE will not demand amortization or interest payments unless there is sufficient liquidity in LCC Martex.

Transactions with	2018	2017
Storm Capital Management Ltd. - management fee	377	364
Storm Capital Management Ltd. - termination fee	0	0
Storm Capital Management Ltd. - accounting services	0	30
Total related party transactions	377	393

The parent had the following balances against group companies:	SRE ASA	
Current receivables	31.12.2018	31.12.2017
Tiberton Yard Holding 2 Ltd	53	50
LLC Martex	386	311
Gasor Consulting Ltd	2	0
Sum current receivables from related parties	440	360

Non-current receivables	31.12.2018	31.12.2017
Gasor Consulting Ltd	0	0
LLC Martex	3 795	4 566
Sum non-current receivables from related parties	3 795	4 566

Current liabilities	31.12.2018	31.12.2017
Tiberton Yard Holding 2 Ltd	-26	-26
Gasor Consulting Ltd	0	0
Liabilities towards group companies, bank cash pooling	0	0
Sum current liabilities towards group companies	-26	-2 542
Non-current liabilities	31.12.2018	31.12.2017
Tiberton Yard Holding 2 Ltd	0	0
Gasor Consulting Ltd	-37	-34
Sum current liabilities towards group companies	-37	-2 542
Net receivables (liabilities) , group companies	4 172	2 384

SRE ASA, Gasor Consulting Ltd and Tiberton Yard Holding 2 Ltd has had a cash pool arrangement, with SRE ASA serving as the ultimate owner of the bank accounts. As at yearend SRE ASA had a receivable towards the other companies of app. USD 3.

The cash pool arrangement was terminated in march 2019.

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 2018 calendar year as at 31 December 2018.

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 2018. 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 2018.

To the best of our knowledge:

- the consolidated financial statements and the Parent Company financial statements for 2018 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 at 31 December 2018 for the group and the parent company, however see note 4.3, 4.4 and 5.2 in the consolidated statements;
- 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, 30 April 2019

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



Stein Aukner
Chairman



Morten E. Astrup
Board member



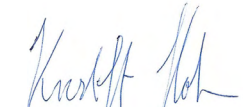
Nini H. Nergaard
Board Member



Kim Mikkelsen
Board Member



Anna Musiej Aanensen
Board Member



Kristoffer Holmen
Interim General Manager

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Storm Real Estate ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Storm Real Estate ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2018, the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- ▶ the financial statements are prepared in accordance with the law and regulations
- ▶ the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- ▶ the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

According to note 5.2 Going concern in the financial statements and the Board of Directors' Report, the Company is not able to fulfill its current debt obligations and is dependent on reaching an agreement with its external lender. In case of a forced liquidation it is likely that the liquidation value will be below carrying value of the building. This indicates that a material uncertainty exists that casts significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2018. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of

the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Investment property

The investment property Gasfield in Moscow is recognized at fair value, amounting to kUSD 21 419 or 96% of the statement of financial position as of 31 December 2018. The Group uses an external appraiser to value the property. The valuation of the Groups investment property in Moscow is dependent on a range of estimates such as rental income, vacancy rates, operating expenses, capital expenditures, discount rate and exit yields, currency exchange rates and property tax. The valuation of the Group's investment property in Moscow is a key audit matter due to its magnitude, the uncertainty of the estimates and the complexity of the calculation.

We evaluated the competence, capabilities and objectivity of the appraiser used by Management. We obtained an understanding of the nature of the work performed, which included an evaluation of the objectivity and scope, including the methods and assumptions applied. We discussed the estimates and the movements in the fair value of the investment property with management and the external appraiser. We evaluated assumptions used in the valuation (the discount and terminal capitalization rate, expected occupancy rate and rentals, forecasts of rental income, cadastral values and operating expenses) by comparing them to analysts' expectations, the Company's budget and historical performance. We involved our valuation experts to evaluate the assumptions used in estimating the fair value of investment property. Further, we tested the mathematical accuracy of the valuation model.

We refer to the Company's disclosures included in Note 3 Summary of significant accounting principles (section 3.1) and note 6 Investment Properties in the consolidated financial statements about the valuation model, key assumptions and estimation uncertainty.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and General Manager (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is 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 International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal

control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit 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 Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

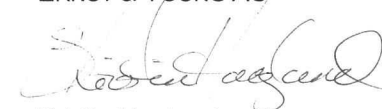
Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and 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 management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 30 April 2019
ERNST & YOUNG AS



Kristin Hagland
State Authorised Public Accountant (Norway)



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