

Interim consolidated income statement

for the period 1 January - 31 March

000 USD	Note	Q1 2010 Unaudited	Q1 2009 Unaudited
Rental income	3	2.695	1.958
Total income		2.695	1.958
Property related expenses	3	716	469
Personnel expenses		124	75
Depreciation		7	6
Other operating expenses		846	708
Total operating expenses		1.693	1.258
Operating profit (loss) before fair value adjustments		1.001	700
Gain/loss from fair value adjustments on investment property	3	-947	8.638
Total operating profit (loss)		54	9.338
Finance revenues	7	219	2.122
Finance expenses	7	-899	-544
Change in market value of financial derivatives	7	-94	-
Change in market value of financial investments	7	225	504
Realisation of financial derivatives	7	97	-51
Currency exchange gains (losses)	7	-453	53
Net financial gains (losses)		-905	2.083
Earnings before tax		-851	11.421
Income tax expense	9	46	1.917
Profit (loss) for the period		-897	9.504
Other comprehensive income:			
Translation differences from foreign operations		2.819	-10.001
Income tax related to translation differences		-163	1.754
Sum other comprehensive income, net of tax		2.656	-8.247
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1.759	1.257
Earnings per share (USD)		-0,01	0,10
Earnings per share diluted (USD)		-0,01	0,10

Interim consolidated statement of financial position

000 USD	Note	31 Mar 2010 Unaudited	31 Dec 2009 Audited
ASSETS			
Non-current assets			
Investment property	3	83.060	81.780
Property, Plant and Equipment (PPE)		182	143
Financial derivative assets	4	236	183
Other long term assets		8	-
Total non-current assets		83.485	82.105
Current assets			
Trade receivables		62	84
Pre-paid expenses		107	-
Financial investments	4	16.296	9.582
Other receivables		7.128	7.293
Cash and cash equivalents	6	19.792	27.390
Total current assets		43.386	44.349
TOTAL ASSETS		126.871	126.453
EQUITY AND LIABILITIES			
Paid-in equity			
Ordinary shares		1.556	1.556
Share premium		21.036	21.036
Treasury shares	8	-139	-134
Other paid-in equity		65.719	65.719
Total paid-in equity		88.173	88.178
Other equity			
Other equity		-12.826	-14.419
Total other equity		-12.826	-14.419
TOTAL EQUITY		75.347	73.759
Liabilities			
Non-current liabilities			
Loans from credit institutions	4	38.516	39.924
Deferred tax liabilities		383	887
Financial derivative liability	5	811	628
Other long-term liabilities		1.553	1.319
Total non-current liabilities		41.263	42.758
Current liabilities			
Trade payables		322	393
Other short-term payables		9.940	9.542
Total current liabilities		10.262	9.935
TOTAL LIABILITIES		51.525	52.693
TOTAL EQUITY AND LIABILITIES		126.871	126.453

Interim consolidated statement of cash flows

for the period 1 January - 31 March

000 USD	Note	Q1 2010 Unaudited	Q1 2009 Unaudited
Cash Flow from operational activities			
Earnings before tax		-851	11.421
adjusted for			
depreciations		7	6
value adjustment on investment property	3	947	-8.638
finance income	7	-541	-2.574
finance expenses	7	899	544
net currency gains (losses)	7	453	-53
change in fair value financial derivatives	7	94	-
Change in working capital:			
trade receivables and other receivables		-79	-4.386
trade payables and other payables		327	2.933
paid taxes		-	-
Net cash flow from operational activities		1.255	-748
Cash Flow from investment activities			
Investment in financial securities	4	-7.111	-
Net purchase of treasury shares	8	-171	-
Interest received		239	239
Net cash flow from investment activities		-7.043	239
Cash flow from financing activities			
Repayment on loans		-1.257	-155
Change in long-term liabilities		233	-
Interest paid		-695	-481
Net cash flow from financing activities		-1.719	-636
Net change in cash and cash equivalents			
Carried forward cash and cash equivalents		27.390	46.022
Currency exchange variation on cash and cash equivalents		-91	1.709
Cash and cash equivalents at 31 December 2009		19.792	46.586
Including restricted deposits		-	

Interim consolidated statement of changes in equity (group)

(Unaudited)

	Paid-in equity				Other equity		Total equity
	Share capital	Share premium	Other paid-in equity	Treasury shares	Retained earnings	Other reserves	
1 January 2009	1.556	21.036	65.719	-	-9.259	-5.914	73.138
Profit (loss) for the period					9.504		9.504
Other comprehensive income						-8.247	-8.247
Sum	-	-	-	-	9.504	-8.247	1.257
31 March 2009	1.556	21.036	65.719	-	245	-14.161	74.397

	Paid-in equity				Other equity		Total equity
	Share capital	Share premium	Other paid-in equity	Treasury shares	Retained earnings	Other reserves	
1 January 2010	1.556	21.036	65.719	-134	-7.105	-7.313	73.759
Net purchase of treasury shares				-5	-166		-171
Profit (loss) for the period					-897		-897
Other comprehensive income						2.656	2.656
Sum	-	-	-	-5	-1.063	2.656	1.589
31 March 2010	1.556	21.036	65.719	-139	-8.168	-4.657	75.347

1. Corporate information

Storm Real Estate AS is a limited company incorporated and domiciled in Norway . The company is listed on the OTC list of the Norwegian Security Dealers Association. The principal activity of the company is investment in yielding properties in Russia through its subsidiaries.

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2010 have been prepared in accordance with IAS 34.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009.

All notes are in 000 USD except where indicated.

3. Investment property

Value	2010	2009
Per 1 January	81.780	66.000
Addition in the period	-	-
Changes in fair value *	1.280	-
Value at closing date	83.060	66.000

* The functional currency of the Russian subsidiaries including the buildings are Russian rouble.

The fair value changes have two elements:

- Changes in the local functional currency RUB is allowed over the income statement.
- Changes in the group presentation currency as not allowed over the income statement, and is presented on the statement of comprehensive income.

The two effects are separated below:

Changes in fair value	2010	2009
Fair value change in RUB over income statement	-947	8.638
Fair value change in USD over comprehensive income	2.227	-8.638
Net changes in fair value	1.280	-

NOI from properties	2010	2009
Rental income	2.695	1.958
Direct property related expenses	716	469
NOI from properties	1.978	1.489

NOI %	73 %	76 %
Annualised yield / fair value	9,5 %	9,0 %

4. Financial assets and liabilities

Bonds	2010	2009
Per 1 January	9.582	-
Addition	6.815	-
Disposals	-	-
Changes in fair value	228	-
Currency adjustments	-330	-
Value at 31 March	16.296	-

Other financial assets and liabilities	2010	2009
Cash and cash equivalents	19.792	46.586
Embedded derivatives	236	45
Bank loan *	-39.449	-41.060
Interest rate swaps	-811	-291
Sum of financial assets and liabilities	-20.232	5.280

Embedded derivatives

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

Interest rate swaps

The parent company has entered into an interest swap agreement with the lender, Swedbank, which fixes the interest on parts of the loan. Fair value of the interest swap is calculated based on expectations on future cash flows with today's interest rates and the return curve over the remaining fixed period.

***Bank loan**

The parent company has a loan to finance the Gasfield building. The loan is secured with pledge in the investment property (valued at USD 62,720), and is repaid in annual instalments.

The initial two years the principal is repaid with 1.5% of the balance, the following two years with 3% of the balance, and the remaining years with 5.7% of the balance. The loan is presented in the statement of financial position at amortised cost and repayments within 12 months are presented as short term liability:

	2010	2009
Long term liability	38.516	40.437
Short term liability	933	623
Sum loan at amortised cost	39.449	41.060

5. Fair value hierarchy

The following table shows an analysis of the fair values of financial instruments recognised in the statement of financial position by level of the fair value hierarchy.

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

Level 2 – Use of a model with inputs which are directly or indirectly observable market data.

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

31 March 2010:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial investments	16.296			16.296
Embedded derivative assets		236		236
Interest rate swaps		-811		-811

31 March 2009:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Embedded derivative assets		45		45
Interest rate swaps		291		291

6. Cash and cash equivalents

	2010	2009
USD	16.736	20.079
NOK	1.457	26.029
Other currencies	1.599	479
Total	19.792	46.586

7. Finance gains and losses

	2010	2009
Currency		
Currency gains	129	1.567
Currency losses	-582	-1.513
Net currency gains (losses)	-453	53
Finance revenue		
Interest revenue	211	224
Termination of financial instruments	97	-
Change in market value of financial instruments	225	685
Fair value adjustment, derivatives	-	-
Other finance revenue	8	1.897
Total	542	2.807
Finance expenses		
Interest expenses	-692	-543
Fair value adjustment, derivatives	-	-182
Fair value adjustment, interest rate swap	-94	-
Fair value adjustment, financial investments	-	-
Other finance expenses	-209	-53
Total	-995	-777
NET FINANCE GAINS (LOSSES)	-905	2.083

8. Shareholder information

20 largest shareholders at 31 March 2010

Shareholder	Type *	Country	Shares	%
SEB LONDON BRANCH	NOM	GBR	9.011.790	9,76 %
STORM REAL-ESTATE FUND AS		GBR	8.860.761	9,59 %
CREDO EIENDOM A/S		NOR	3.081.150	3,34 %
DEUTSCHE BANK AG LONDON	NOM	GBR	2.839.036	3,07 %
SEB PRIVATE BANK S.A. LUXEMBOURG	NOM	LUX	2.737.130	2,96 %
ØRN NORDEN AS		NOR	2.431.602	2,63 %
VICTORY LIFE		SWI	1.705.850	1,85 %
FINANSFORBUNDET		NOR	1.666.600	1,80 %
STIG AS		NOR	1.499.940	1,62 %
BJØRGVIN		NOR	1.250.000	1,35 %
EBN INVEST AS		NOR	1.122.750	1,22 %
BANAN		NOR	1.048.750	1,14 %
MINOR INVEST AS		NOR	900.000	0,97 %
JPMORGAN CHASE BANK	NOM	GBR	893.165	0,97 %
BANQUE DE LUXEMBURG S.A	NOM	LUX	846.000	0,92 %
LANGBERG, INGRID MARGARETH		NOR	765.000	0,83 %
TDL AS		NOR	729.000	0,79 %
CASTELAR EIENDOM II KS US		NOR	720.000	0,78 %
MOTOR-TRADE EIENDOM OG FINANS AS		NOR	720.000	0,78 %
NORDENFJELSKE BYKREDITTS STIFTELSE		NOR	720.000	0,78 %
OTHER SHAREHOLDERS		-	48.819.456	52,85 %
Total per 31 March 2010			92.367.980	100,00 %

* Nominee accounts are foreign institution holding shares on behalf of clients.

There has been no material changes in the shareholdings held by the board of directors or by the company's management.

Treasury shares

The company has purchased treasury shares in the period.

	2010	2009
Net change in number of treasury shares	292.100	-
Amount net paid on purchase of treasury shares (NOK)	1.013.022	-
Average per share (NOK)	3,47	-

9. Income Tax

	2010	2009
Income taxes		
Current income tax expense	337	60
Deferred income tax expense	-291	1.857
Total tax expense	46	1.917
Income tax recognised in other comprehensive income	163	-1.754
Total income taxes	209	163

10. Related parties

	2010	2009
Surfside Ventures Ltd.	99	55
Storm Capital Management Ltd.	298	166
Total	397	221

11. Events after the reporting date**Potential acquisition**

In April 2010 the company signed a Letter of Intent to purchase an office building centrally located in Moscow. The building has a gross area of around 20,000 square metres and is classed as a 'class B' building.

The transaction is expected to be in the amount of USD 61M and is expected to be financed 75% via borrowing and 25% from the company's cash balance. The transaction is expected to be completed during the summer of 2010.

Court case Russia

The subsidiary Martex has had a legal suit against the Russian tax authorities since 2007 for the reclaim of input VAT of 88 million RUB (approx 3 million USD) related to the construction period of the Gasfield building. In April 2010 the company won the final hearing and the majority of the amount has now been transferred to the company's bank account, with the remainder to be offset against future VAT payments.