

Crown Energy sells C-View property in Luanda, Angola with profit at a sales price of SEK 575 million after transaction costs and before taxes and inflation compensation

PRESS RELEASE 30/04/2019

Crown Energy AB (publ) ("Crown Energy", "The Company") has today concluded an agreement for the sale of the C-View Smart Business Park ("C-View") property in Luanda, Angola. Buyer is the Angolan State via the Ministry of Finance. The sales price is corresponding to SEK 575 million after transaction costs and before tax and inflation compensation, and is payable over three years in a total of six equal semi-annual instalments. The C-View property is free of debts.

A process was initiated during 2018 to analyze commercial options for the C-View property. Negotiations with the Angolan state have been going on for about six months. C-View, forming a substantial part of the total asset value, would have contributed substantially to the financial performance had it been leased out with high occupancy grade. But, given the now agreed sales price, the option of selling the property has a far better financial outcome to Crown Energy. The C-View property was acquired in 2017 to a price corresponding to SEK 371 million, and at year-end 2018 the property was valued at SEK 421 million. The sales price of SEK 575 million is 55 percent higher than acquisition price, paid when Crown Energy acquired the ESI Group asset portfolio in 2017. The C-View transaction will secure capital for future investments in new projects as well as consolidate our property portfolio.

The transaction is made in Angolan Kwanza and the payments will be adjusted with an official inflation rate. The inflation compensation will be determined before the last instalment. The yearly instalments generate a positive cash-flow corresponding to an amount of SEK 192 million in local currency, with start this year. The Company can choose to distribute proceeds from the sale to the parent company, or leave cash funds in the Angolan subsidiary to invest in new properties. The choice will affect the total tax cost from the transaction. The total transaction price, of Kwanza 19,541 million, will be converted into USD and distributed from Angola to the parent company, should that option be chosen.

"This is a very good deal for Crown Energy. Crown Energy is today debt free, and therefore, the payments from the sale of the property will strengthen our cash position significantly over the coming three-year period. This also justifies our acquisition of the Asset Development business we completed in 2017. The deal represents a pre-tax profit of approximately SEK 200 million, before inflation adjustments, when compared to acquisition price, and contributes to capital for future investments in Asset Development and Management and is in line with our business model. Given the transaction process, we have been trying to balance current occupancy at financially efficient levels to reduce transaction costs in anticipation of a sale of the property", says Andreas Forssell, CEO, Crown Energy.

The Angolan ministry of finance will gain title of the property year three (3) after having paid the full purchase price in six semi-annual instalments. In year-end 2018 the property had an occupancy rate of six percent, over three tenants, who now will leave the property within 12 months from 30 April.

The agreement is legally binding as of today, and will now go through a formal regulatory registration process within Ministry of Finance in Angola. This process is expected to be finalised within one month from signing date.

The transaction will affect the valuation of C-View first in the second interim report 2019.

This information is information that Crown Energy AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was submitted for publication through the agency of the contact person below on 30 April 2019 at the time stated by Crown Energy's news distributor Cision at the of publication of this press release.

MORE INFORMATION

Please contact Andreas Forssell, CEO, Crown Energy AB
+46 8 400 207 20
+46 760 15 15 95

ABOUT CROWN ENERGY

Crown Energy is an international group providing customised solutions for housing, offices and associated services, as well as oil and gas exploration in Africa and the Middle East. For more information please visit www.crownenergy.se