



## Transaction update for the acquisition of ESI Group SA.

PRESS RELEASE 13/04/2017

**Crown Energy AB (publ) (the “Company” or “Crown Energy”) is excited to announce that further to the Agreement to acquire ESI Group SA, announced on 10<sup>th</sup> November 2016, all local government approvals for the transaction have been received and registration measures completed. Furthermore, management is also happy to report that through the sale of certain properties in Angola, the new Crown Energy Group will soon be able to announce its first positive revenues. The final closing of the transaction is expected during the second quarter of 2017 in accordance with the sale and purchase agreement (“SPA”) and as previously announced.**

In the process of Crown Energy’s acquisition of ESI Group SA, the newly created Angolan company YBE Imobiliaria Lda, owned by the Luxemburg based company ESI Group SA, has attained all required Regulatory and Ministerial approvals in Angola. The formal approvals, from Ministério da Justiça e dos Direitos Humanos, activates the commencement of transferring assets from the previous operating company ESI Angola Lda to YBE Imobiliaria Lda. The approvals reach a key milestone ahead of the finalization and fulfilment of the conditions in the SPA – governing Crown Energy’s acquisition of the cash flow generating property assets in Angola. The final closing of the transaction is expected during the second quarter of 2017, however Crown Energy is entitled to receive the full benefit of the revenues from the property assets as from 1 January 2017.

In November 2016, Crown Energy entered into the SPA to acquire a portfolio of cash flow generating assets in Angola West Africa. The value of the transaction, based on an external valuation for the cash flow generating assets, done by an international top four auditing firm, was estimated at approximately MSEK 910. In December 2016, the EGM resolved on the issuance of new shares to fund the transaction. According to the SPA, and subject to the fulfilment of certain conditions set out in the transaction announcement, the transaction will be closed at the end of Q2 2017 at the latest, following the creation of a new legal structure with special tax status and benefits suited to foreign asset ownership in Angola.

*“Since we announced the transaction, together with our counterparty to the transaction, we have been working hard to fulfill the necessary requirements in the SPA. We are very pleased with the work carried out and the process so far, receiving the formal approval from the Angolan Ministry is a key milestone that means the seller can continue the process of transferring and legalizing the owned real properties in Angola in full. Before closing the transaction, there are some minor legal steps which will be finalised, as well as completion of the auditors’ review of the new corporate structure”,* comments Andreas Forssell, CEO of Crown Energy.

As part of the closing of the transaction is expected during the second quarter of 2017, a prospectus for the admission of new ordinary shares to trading at NGM Equity, is required and will be published during the second quarter of 2017. The prospectus, which is subject to the approval from the

Swedish FSA, will contain the first published financial information on the combined Crown Energy/ESI group. This is scheduled to be released in May or June. The first interim report with the combined Crown Energy/ESI group figures is planned to be the interim report of the period January to June 2017, which is scheduled to be published on August 11, 2017.

*"I am very happy to report that the transaction process is developing well, and I want to emphasize that Crown Energy is entitled to the full benefit of the revenues from the assets as of 1 January 2017. Our shareholders will have access to the 2016 financial information and the Q1-interim report in the upcoming prospectus being released during the second quarter."* comments Andreas Forssell.

#### **Successful Sale of Asset and Repayment of Debt**

In the interim period from announcement in November and the EGM in December 2016, the management of ESI Group were approached by certain lease tenants to acquire part of one of ESI Group's owned properties, Ponticelli, in the capital Luanda. The parties agreed to proceed with the sales transaction for this part of the property, constituting approximately 30 per cent of the total value of that asset. The sale was successful and the proceeds from the sale were in turn used to clear the existing mortgage of approximately USD 4 million that ESI Group had on the larger C-view building. The highly beneficial result of this transaction is that the ESI Group's whole portfolio of assets now is free and clear of all debt.

Additionally, the purchase price of the asset, exceeds the external valuation of the building, by the amount of approximately USD 850 thousand. This positive effect will be assumed by the new ESI Group structure and accounted for in accordance with the Group's accounting policies. Effects will be presented in the prospectus and the first combined interim report.

*"Selling parts of the Ponticelli building for a price higher than the external valuation, indicates that the assets were valued at a fair price, and gives comfort to and reinforces the valuation and the rationale of this corporate transaction as a whole. Clearing ESI's debt will strengthen our balance sheet and benefit our shareholders, since the ESI business will be absorbed free of debt into the Crown Energy/ESI Group structure as soon as the transaction is completed,"* further comments Andreas Forssell.

More information on the transaction will be provided in the upcoming prospectus.

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*This information is information that Crown Energy AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 8:45 AM CET on 13 April 2017.*

#### **MORE INFORMATION**

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#### **ABOUT CROWN ENERGY**

Crown Energy is an international oil and gas company engaged in exploration in Africa and Middle East. Growth is created by developing assets in early stages and then

maximising value by introducing appropriate industry partners in the development and production stages. For more information please visit [www.crownenergy.se](http://www.crownenergy.se).