



LLF 23

The following is a company announcement issued by Luxury Living Finance plc (hereinafter the “Company”) pursuant to Prospects MTF Rule 4.01.01.04

QUOTE

Reference is made to company announcement LLF22 whereby the Company informed its bondholders that it was monitoring the situation surrounding the COVID-19 pandemic. Although it is still too early to assess the magnitude and length of the pandemic, as well as the financial impact it will have on the Group (the Company together with Luxury Living Technologies Limited - the Guarantor of the €8,000,000 Secured Bonds), it is already clear that the pandemic will have a material negative impact throughout 2020.

With respect to the 80-bed hostel situated in St. Julian’s, as per company announcement LLF14, the hostel was to open in March 2020. However, due to the travel ban imposed as per L.N. 92 of 2020, whereby the Superintendent of Public Health extended the order of a travel ban on persons to Malta and from Malta, management has postponed the opening of the hotel until early 2021.

With respect to the installation and energisation of photovoltaic farms, several delays are being encountered by the Guarantor due to the slowdown from Government Authorities relating to the final stages of approval and connection of the photovoltaic farms. Nevertheless, the Company would like to inform its bondholders that with respect to the photovoltaic farms already installed and energised, the feed-in-tariff, which is the Guarantor’s main source of revenue, continues to be received, albeit with some delay.

Capital expenditure on stock to cater for present and future sales had already been made and, as sales have grinded to a halt, the corresponding return is not being felt. The Guarantor has no way of determining the length of such impact and therefore when the Guarantor can expect to see an upturn in sales.

Furthermore, in relation to the installation of domestic photovoltaic panels, the pandemic has significantly impacted sales, due to the availability of the Guarantor’s staff as well, with respect to residential clients, the postponement to installations in order to avoid unnecessary workmen in their residences.

The Guarantor had, before the pandemic, carried out a cost-cutting exercise in a bid to minimize its operating costs. Nevertheless, the largest single operating cost remains payroll and the Guarantor is currently assessing the various schemes issued by the Maltese Government in order to determine whether these may prove beneficial to the Group.

The Guarantor is the operational arm of the Group and therefore the Company is dependent on the success of the Guarantor in order for the Guarantor to pay interest and capital repayments as stipulated in the loan agreement between the Company and the Guarantor.

The Company will continue to monitor the situation as it further develops and will keep the market updated as necessary.

UNQUOTE

Mikiel Calleja

Company Secretary

8 April 2020