

LVL ENERGY FUND PLC

ANNOUNCEMENT TO COLOMBO STOCK EXCHANGE

COVID-19 IMPACT

No power plant ceased operation due to the outbreak of Covid-19 pandemic. Assupiniella hydro power plant had to be shut down on 3rd March 2020 due to the severe drought conditions prevailing in the area. It operates at a very low plant factor in short intervals depending on availability of water. Repairs that were being carried out in Saphthakanya and Kadawala hydro power plants cannot be completed as planned due to the current situation. The two plants are not shut down but operate at a lower capacity. Power generation in these two plants is not adversely affected presently as their plant factor is low due the prevailing drought. The high season is expected to commence in May and if full capacity cannot be made available by then, the full potential of the two plants cannot be harnessed until repairs are completed. However they can operate at a lower capacity. We are confident that repair work can be completed within a period of one month from restoration of normalcy.

The main problem we are faced with is the long delay in receiving payment from the Ceylon Electricity Board (CEB) for our sales. This is a problem that existed before the outbreak of Covid-19 pandemic but the problem has got aggravated as a result of the present situation. With difficulty we were able to collect payment in February and March 2020 for electricity supplied in October 2019. In April we received 50% of the payment for November 2019 sales. Under normal circumstances we receive payment within 2 months but now it is getting extended beyond 4 months causing cashflow problems for all project companies.

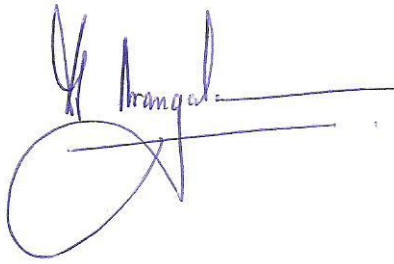
The thermal power plants in Bangladesh are also continuing to operate despite Bangladesh being under lockdown. There too, the payments from Bangladesh Power Development Board (BPDB) can get delayed due to the lockdown.

Construction work of Makari Gad hydro power project in Nepal had to be halted due to the pandemic delaying the completion date. Our targeted date for completion of the project before the stoppage of work was June 2021.

We were in various stages of obtaining approval from government agencies for the implementation of 3 solar power projects of 1 MW each in Maho and 2 solar power projects of 1 MW each in Pallekele. This process is at a standstill due to the prevailing situation. Construction work of the 1 MW solar power project in Matugama for which approvals have been obtained had to be stopped as a result of the lockdown. We were targeting to complete construction of this project in September 2020.

The hydro power plants are recording considerably less generation this year compared to target generation due to the severe drought that is being experienced. That together with the cashflow problems caused by the delay in receiving payment for electricity sales will have an impact on project companies' ability to service debt in a timely manner if the banks are unable to grant a moratorium on interest and capital repayment which the project companies

have sought from the banks. All these factors will restrict the distributable cash of project companies affecting distributions of the Company in year 2020.

A handwritten signature in blue ink, appearing to read 'D Sumith Arangala', with a large circular flourish at the bottom left.

D Sumith Arangala
Chief Executive Officer
LVL Energy Fund PLC
21 April 2020