Tourist arrivals to Mauritius for the quarter ended 30th September 2015 increased by 15% to reach 269,573. Arrivals from Europe, our main market, went up by 14% mostly driven by an increase in arrivals from UK which grew by 15% and France, our number one source market, progressed by 10% on the corresponding quarter last year. Arrivals from Asia for the quarter under review improved by 34% mainly due to the increase in Chinese guests which went up by 35% on last year.

Industry dynamics remain favourable in the Maldives with tourist arrivals for the quarter under review increasing by 4% to reach 310,200. The Chinese market remains the number one source market for the destination with 37% of the total number of arrivals.

Group Results

The quarter under review is regarded as the low season for the hotel industry in the Indian Ocean. The results of the current quarter are not compared against last quarter due to the consolidation of 100% of the turnover and expenses of Tamaras hotel as from 1 January 2015 and the disposal of Hotel Le Récif in Reunion Island and the closure of LUX® Belle Mare for two months in 2014.

Despite the partial closure of LUX® South Ari Atoll Maldives (25% of its inventory) during the entire quarter, the Group performed very well with turnover reaching Rs 1,040m an improvement of 8% on last year on a like for like basis.

The Group occupancy for the quarter ended 30th September 2015 was 81% up by 7% points on the corresponding quarter last year and the ADR (Average Daily Rate) improved by 9%. The increase in occupancy and ADR resulted in a strong increase in RevPAR (Room Revenue per Available Room) of 19%, EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) for the quarter ended 30th September 2015 reached Rs 108 million up by 38% on last quarter and operating results improved by Rs 23m on a like for like basis.

Net finance costs for the quarter was Rs 52m and the Group’s statutory results for the period under review improved by Rs 50m reducing the loss of Rs 96m to Rs 48m.

The table below summarises the performance of our hotels by destination for the quarter under review compared to corresponding quarter last year:

<table>
<thead>
<tr>
<th>Destination</th>
<th>Mauritius</th>
<th>Maldives</th>
<th>Reunion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy (%)</td>
<td>-6%</td>
<td>+9%</td>
<td>+10%</td>
</tr>
<tr>
<td>RevPAR (%)</td>
<td>+2%</td>
<td>-8%</td>
<td>-11%</td>
</tr>
</tbody>
</table>

Project Development

The first phase of the renovation of LUX® South Ari Atoll, which involves the remediation of 49 water villas, is progressing well and will be completed early December 2015. The renovation of all remaining water villas, rooms and public areas will be carried out between May and September 2016. We continue to work on the redevelopment of other owned properties and shareholders will be informed once the plans and financing have been finalized.

Management Contracts

We are pleased to announce the signature of our fourth management contract in the People’s Republic of China namely in Chengdu. The resort which will be branded LUX® comprises of 40 spacious and contemporary guest rooms and 20 villas as well as exciting public areas and amenities and is located within an organic nature farm in the suburbs of Chengdu, 30 minutes from the Chengdu International Airport. The renowned architectural firm, Battisforde, has been retained for the project. The resort, which will be branded LUX® Chengdu, is expected to open in early 2017. Currently, the Group has signed long term management contracts with third party owners for 615 rooms, all of which will open by end 2016/2017.

LIR Bond Conversion

We would like to draw the attention of the holders of LIR Convertible Bonds that they will have the right to convert part or the totality of their Bonds into LIR shares on the second conversion date namely 31 December 2015. The conversion ratio will be calculated on the basis of the average price of LIR share for the ninety (90) day period ending on 15 November 2015 discounted by 20%. A conversion notice will be sent on or about 28 November to all Bond holders registered on 26 November 2015 detailing the conversion procedure.

Outlook

The increase in arrivals from Europe noted in recent months and the number of new flights announced for the coming months should improve the performance of our Mauritius properties in addition to the continued growth in arrivals from the Asian market particularly China.

The reinstatement of direct air services from Mauritius to both Germany and Austria through Lufthansa and Austrian Airlines constitutes a major breakthrough in re-establishing a balanced supply from Europe. Furthermore, the introduction of Turkish Airlines to the Mauritius route in mid December 2015 will improve our ability to diversify our source market and drive our marketing efforts. Currently, the Group has signed a total of 5 premium cabin air-seats (First & Business) principally from Emirates also contributes to the strategy of attracting hi-end customers with the potential to increase the spend per guest night.

We have noted the political situation in the Maldives and the press statement issued by the Government “measuring the tourism and travel trade that all tourism related business will be operating as usual and the situation in the Maldives remains stable. The state of emergency does not force any restrictions on travelling to the Maldives or within the Maldives”. We continue to monitor the situation and to date we have not incurred any cancellations.

We are pleased to report that both occupancy and ADR are ahead of last year for the second quarter. We are therefore confident that providing that there is no significant deterioration in the current environment, the results for the second quarter should show good growth in EBITDA on the corresponding quarter last year.

By the order of the Board
Lux Hospitality Ltd
Company Secretary
9th November 2015

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES.

The group unaudited results for the quarter ended 30th September 2015 are as follows:

**Note to the above:**
- The above Financial Highlights have been prepared in accordance with International Financial Reporting Standards(IFRS).
- The Financial Highlights are issued pursuant to Listing Rule 12.20 and published according to the Securities Act 2005.
- Copies of the Financial Highlights and the statement of direct and indirect interests of officers of the Company required under Rule 28 (2) (m) of the Securities (Disclosure Obligations of Issuing Issuers) Rules 2007 are available free of charge, upon request, from the Company Secretary, at the Company’s registered office, Lux Island Resorts Ltd, Pierre Simon Street, Fisalal.
- The Board of Directors of Lux Island Resorts Ltd accepts full responsibility for the accuracy of the information contained in the Financial Highlights.