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17 December 2014

**Safestay plc**  
**("Safestay" or the "Company")**

**Placing to raise £3.3 million**

Safestay (AIM: SSTY), the owner and operator of a luxury hostel brand, is pleased to announce that it has raised approximately £3.315 million (before expenses) by way of a placing by Westhouse Securities of 6,027,272 new ordinary shares of 1p each ("New Ordinary Shares") at a price of 55p per New Ordinary Share (the "Placing Price") with institutional and other investors (the "Placing"). The New Ordinary Shares will represent approximately 31.3 per cent. of the Company's share capital, as enlarged by the Placing.

Further to its announcement of 1 December 2014, the Company intends to use approximately £2.0 million of the net proceeds of the Placing to finance the renovation and refurbishment of its recently leased Holland Park property. A further £0.5 million of the net proceeds will be used to repay part of the short term loan provided by Bredbury Limited ("Bredbury") as part of the consideration for the acquisition by the Company of the York hostel in May 2014, with the balance being used for working capital purposes. It is expected that the balance of the short term loan provided by Bredbury to part finance the acquisition of the York hostel will be satisfied by an increased debt facility with the Company's bankers.

Application has been made to the London Stock Exchange for the 6,027,272 New Ordinary Shares, which will rank *pari passu* with the Company's existing ordinary shares of 1p each ("Ordinary Shares"), to be admitted to trading on AIM, which is expected to become effective at 8.00 a.m. on 22 December 2014 ("Admission").

**Safestay Elephant & Castle**

For the 11 months to 30 November 2014, occupancy at the hostel was 79.8 per cent. (2013: 72.5 per cent.). The average bed rate for the 11 months to 30 November 2014 increased by 10.5 per cent. over the same period last year. Both of these resulted in an overall increase in total bed revenue for the 11 months to 30 November 2014 of 22.5 per cent. compared with the 11 months to 30 November 2013. The property was independently valued at £12.3 million on 30 November 2014.

**Safestay York**

For the 11 months to 30 November 2014, occupancy at the hostel was 50.6 per cent. compared with 47.2 per cent. in the comparable period in 2013. Refurbishment and re-branding of the hostel is due to be completed this month. The property was independently valued at £2.6 million on 30 November 2014.

### **Safestay Holland Park**

Once the property re-opens after a comprehensive renovation and re-styling in line with the 'Safestay' brand, the Directors expect strong demand from guests and the potential for enhanced bed rates due to the property's prime location in the centre of Holland Park, West London. The leasehold interest of the property was independently valued at £3.4 million on 30 November 2014.

### **Larry Lipman, Chairman of Safestay commented:**

"We are pleased at the level of interest in Safestay's growth story and the support that we have received from current shareholders and from new institutional and other investors. Safestay's principal growth strategy is the roll-out of further hostels in major European gateway cities. The proceeds from the Placing will be used to renovate our new Holland Park property, partly pay down a short term loan and for working capital purposes. All of which will help the Company to further capitalise on the significant growth opportunities available in the 'budget' accommodation segment through the growing recognition of the 'Safestay' brand."

### **Total Voting Rights**

Following Admission, the Company will have 19,244,519 Ordinary Shares in issue. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company, under the Financial Conduct Authority's Disclosure and Transparency Rules.

A copy of this announcement is available on the Company's website: [www.safestay.co.uk](http://www.safestay.co.uk).

### **For further information:**

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### **About Safestay:**

- Safestay is a new brand of luxury hostel, designed to appeal to a broad range of guests. Known as a "boutique hostel" within the travel industry, it is aimed at providing safe, stylish accommodation which offers a more attractive alternative to both traditional hostels and budget hotel accommodation.
- Safestay's shares were admitted to trading on AIM in May 2014 to widen the shareholder base and raise new equity to support the roll-out of the Safestay brand.
- Today, the Group has three sites, two in London and one in York. Once refurbishments are complete in York and Holland Park, the Group will have c.1,000 beds to offer to customers.

- The Group wishes to expand the business by the acquisition and development of further properties and create a branded hostel group known for providing safe and stylish, but relatively inexpensive accommodation.
- The current hostel market is undergoing substantial change, after years of little or no investment, the concept of staying in clean, safe, stylish rooms for an average of approximately £20 per person per night has gained momentum and there is, in the opinion of the Directors, the potential for significant growth and sector consolidation.