



1 December 2014

Safestay PLC
("Safestay" or "the Company")

Long term lease signed for new hostel

Safestay (AIM: SSTY), the owner and operator of luxury hostel brand, is pleased to announce that it has secured a 50 year lease to open a new 380 bed Safestay hostel in Holland Park, West London. The building, comprising 24,000 sq. ft., is owned by the Royal Borough of Kensington and Chelsea and has until recently operated as a YHA Hostel.

The building, which is a listed property and was formerly a Jacobean mansion, is located in the centre of the park and represents a remarkable location from which to operate a contemporary hostel and will provide Safestay guests with the opportunity to stay in the heart of one of central London's most desirable locations with excellent transport links. The property comprises the original building which dates back to 1607 along with a 1950's extension to create a central courtyard and garden space. The management expects strong demand from guests once the hostel re-opens in April 2015 after a comprehensive refurbishment.

Once completed, Safestay will have two hostels in central London with almost 800 beds. The cost of refurbishment is expected to be approximately £2.0 million, for which the Board is reviewing the financing options.

The European hostel market, after years of under-investment, is currently undergoing a transformation as schools, colleges, universities, young adults and increasingly cost conscious families and business travellers become aware of the opportunity to stay in safe, stylish and contemporary accommodation in central urban locations across Europe for approximately £20 per person per night. A feature of this market, which Safestay is benefitting from, is that having stayed at one of its hostels, guests and, in particular, groups are becoming repeat customers who are booking well in advance and the Company has good visibility of bookings for 2015.

Safestay's management team, led by its Chairman Larry Lipman, has made clear its intention to establish a European wide network of Safestay hostels. Today, there are two operating luxury Safestay hostels (in London and in York) and the Company intends to open a further 25 sites over the next few years, of which, 4-6 will be in London. The management team has substantial previous experience of developing and rolling out new brands and concepts, having been responsible for the creation and successful roll-out of Safestore plc, Bizspace plc and Hercules Property Services plc.

Commenting on the signing of the lease, Larry Lipman, Chairman of Safestay, said:

"This is an iconic building in the heart of central London. We are delighted to have secured it against tough competition and we believe that the overall appeal of the building, combined with its unique location within Holland Park itself, will mean it soon becomes one of London's flagship hostels."

For further information:

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To access Corporate Images of Safestay

<https://www.flickr.com/photos/128855901@N03/>

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.
- Established in April 2011 as a joint venture between the Moorfield Funds and the Safeland Group, the Company then listed on AIM in May 2014, to widen the shareholder base and raise new equity to support the European roll-out of the Safestay brand.
- Today, the Group operates from three sites 2 in London and 1 in York and once refurbishments are complete will have c.1000 beds.
- 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 £20 has gained momentum and there is, in the opinion of the Directors, the potential for significant growth and sector consolidation.