

6th October 2016

Safestay plc
("Safestay", the "Company" or the "Group")

New Planning Consent for Extension to Elephant & Castle Hostel

Safestay (AIM: SSTY), the owner and operator of a new brand of contemporary hostel, is pleased to announce that a significant new planning consent has been granted to extend Safestay London Elephant & Castle.

Southwark Council has granted Safestay full planning permission and listed building consent to develop an additional 80 beds over four floors and rework the lower ground floor food and beverage areas. The consents will provide for an additional 5,000 sq ft gross internal area and take the hostel's total bed count to 493.

Larry Lipman, Group Chairman, commented that "We are delighted to have the opportunity to drive further value into our Elephant & Castle hostel. The business was revalued in July 2016 seeing an uplift of £3.8m to £16m, reflecting the strength of the trading performance. Elephant & Castle was our first hostel, previously the site of the Labour Party headquarters. It is a great building in a strong location, which has proven very popular amongst our customers.

"The works, which will commence in 2017, will see accommodation added as a blend of private rooms and smaller en suite dormitories. It will allow the hostel to grow with strong margins generated from the increased capacity although there will be some disruption during the works, which will be timed to minimise the impact. We are also taking the opportunity to enhance the food and beverage space to further strengthen our non-accommodation revenues."

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