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6 February 2017

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

Trading Update and Notice of Results

Safestay (AIM: SSTY), the owner and operator of a new brand of contemporary hostel announces the following trading update for the 12 months to 31 December 2016.

The Group expects to report underlying EBITDA of £2.2m (2015: 0.6m) and revenues of £7.4m (2015: 4.0m).

In practice, 2016 proved to be a difficult year for the hospitality market as visitor numbers to London, in particular, were affected by the events in Paris and wider political instability which resulted in a challenging market environment. This exacerbated the slow build-up in average bed rate ("ABR") and occupancy in Holland Park which impacted the Group's trading performance and while substantially ahead of last year it is slightly below market expectations for 2016.

That said, Safestay is a young growing business and its growth outlook remains unchanged for 2017. Advance bookings, for which the company has received deposits look strong compared to this time last year.

2017 is expected to be an important year for Safestay following a year focused on consolidating the newer hostels into the portfolio. The Company will continue to invest in the portfolio. Having received the planning consent for the extension of the Elephant & Castle site which will provide a further 80 beds, we are working with the professional team with preparations for its construction. Together, with a £0.2m refurbishment programme in Edinburgh which is expected to increase ABR for this site during the all-important summer season.

In February 2017, the Group welcomed Nuno Sacramento as its new Chief Operating Officer.

Larry Lipman, Group Chairman, added, "2017 forward bookings provide a good outlook for the business and we are looking carefully at options to release capital from our property portfolio to support our ability to expand the number of Safestay hostels. Our brand proposition within our market continues to grow and strengthen and I believe that we are well set to have a successful year."

The Company will announce its audited final results for the 12 months to 31 December 2016 on 10 April 2017.

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Enquiries

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