

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

31 May 2017

Safestay plc

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

European Hostels Acquisition

Safestay (AIM: SSTY), the owner and operator of a new brand of contemporary hostel, is pleased to announce that it has entered into a debt financing agreement with Equity Point Hostels ("Equity Point") that will see the Group make an immediate payment to Equity Point of €3.6 million structured by way of debt, in return for security over 90% of Equity Point's share capital, valued at approximately €10 million. Equity Point is a pan European hotel & hostel group, which owns and operates 7 hotels and hostels across Europe. Following the satisfaction of certain completion mechanics, it is anticipated that Safestay will ultimately be assigned 100% of the operating leases pertaining to three hostels owned by Equity Point, as redemption of the €3.6 million loan.

Through this two stage acquisition structure, the portfolio of sites to be acquired by the Group contains one hostel in Barcelona, one in Prague and one in Lisbon, consistent with Safestay's strategy to establish a presence in leading European gateway cities. The hostels are being acquired on operating leases to 2028 (Prague), 2031 (Barcelona) and 2029 with subsequent automatic 5-year renewal periods (Lisbon). The effective consideration for the acquisition is €3.6 million which will be satisfied from the Group's existing cash resources.

For the financial year ended 31 December 2016, the three hostels generated sales of €1.6 million and EBITDA of €0.4 million.

Larry Lipman, Chairman of Safestay, said:

"The acquisition of these three sites, together with the U Hostels acquisition we announced earlier this month, means we have increased our portfolio from 4 to 10 hostels. Most importantly, however, we have acquired sites in excellent locations, namely: Madrid, Barcelona, Paris, Prague and Lisbon. A strong line up and a natural fit with our existing sites in London, York and Edinburgh.

These three hostels, being already operational, will immediately add to our operating platform and significantly enhance our overall offer. We look forward to completing the transaction and integrating the new sites into the enlarged Safestay business."

- ENDS -

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