

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").

3 July 2017

Safestay plc

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

Acquisition of Second Barcelona Hostel

Safestay (AIM: SSTY), the owner and operator of a new brand of contemporary hostel, is pleased to announce it has acquired a second Barcelona hostel from Equity Point Hostels ("Equity Point") for €2.0 million in cash. On 31 May 2017, Safestay announced it had agreed to acquire three hostels from Equity Point located in Lisbon, Prague and Barcelona.

The acquisition of this second hostel in Barcelona, known as Barcelona Gothic, from Equity Point will mean the Group now has 11 hostels within the portfolio. Situated in the Gothic Quarter, Barcelona Gothic is 150 yards from the Picasso Museum and a 5-minute walk to Barcelona's well known central street Las Ramblas. A leasehold site with 24 years remaining, the hostel offers 144 beds and has significant communal spaces with the potential to be further enhanced. Together with the Group's first Barcelona hostel, Safestay now has 254 beds in this famous City.

For the financial year ended 31 December 2016, the Barcelona Gothic hostel generated sales of €0.7 million and EBITDA of €0.2 million. The consideration will be paid in cash from the Company's current cash resources. The Group has now invested €8.6m in recent European acquisitions following the gross £12.6 million sale and leaseback transaction completed in April 2017.

The Company is also pleased to announce that the first transaction agreed with Equity Point announced on 31 May 2017 has completed. As a result, the €3.6 million loan was redeemed and ownership of the three hostels in Lisbon, Prague and Barcelona have been transferred to Safestay.

Larry Lipman, Chairman of Safestay, said:

"Barcelona Gothic is an attractive contemporary hostel located in the heart of one of Europe's most popular cities to visit. There is no requirement for significant additional investment instead the focus will be to integrate the site into the business under the Safestay brand and together with our other Barcelona hostel which is located next to the beach we will look to build upon an already established revenue stream.

The last 3 months have been transformative for our business, beginning with the debt refinancing and sale and leaseback transaction in April which released capital from within the business to support the expansion of our portfolio from 4 to 11 hostels and increasing the number of beds in our portfolio from 1,526 to 2,472 plus 34 apartments. We look forward to providing a more detailed update on the acquisitions we have made with the announcement of our half-year results in September."

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