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08 March 2018

## **Safestay plc**

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

### **Acquisition of 3<sup>rd</sup> Hostel in Barcelona**

Safestay (AIM: SSTY), the owner and operator of a new brand of contemporary hostel, is pleased to announce that it has acquired a third hostel in Barcelona for €3.0 million from Equity Point Hostels ("Equity Point").

Known as Barcelona Centric, the hostel is situated in one of Barcelona's most desirable avenues, Passeig de Gràcia. Offering 340 beds it has been consistently popular with visitors to the City and was a flagship hostel of Equity Point. The acquisition will mean the Group now has three hostels in Barcelona, two centrally located and one on the beach, together offering 594 beds in easily one of the most visited cities in Europe.

The property is held on a lease for a total of 15 years, 3 years of which are fixed, followed by tenant only options to extend. The consideration for the acquisition is €3.0 million which will be satisfied from the Group's existing cash resources with an initial payment of €0.7 million and then four payments of €0.575 million spread over the next four years.

For the financial year ended 31 December 2017, the hostel generated sales of €2.4 million and EBITDA of €574k.

As a result, the Group's hostel portfolio now consists of 10 operating hostels, plus a development site in Paris and 34 apartments in Madrid under development. With the addition of Barcelona Centric the number of beds across the portfolio has increased to 2,646, excluding the 34 apartments in Madrid currently under development and a further 330 additional beds which will become available when the Paris and the Elephant and Castle extensions open.

#### **Larry Lipman, Chairman of Safestay, said:**

"We know the Barcelona market well and we know there is high demand for our premium hostel offer. We are therefore fully confident of integrating this new site into the Group and using it to expand our presence in what is a very popular City. Our European acquisitions last year in this City and in Prague, Lisbon and Madrid are all performing well.

The global hostel market is booming and we are benefitting from this increase in awareness and popularity. Importantly, we have in place the operational strength to support a much larger business across multiple geographies and we look forward to making further significant progress in 2018."

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