

Safestay plc
(“Safestay” or “the Company” or “the Group”)

Interim Results
For the Six Months to 30 June 2015

Safestay (AIM: SSTY), the owner and operator of a new brand of contemporary hostel, announces its unaudited interim results for the six months ended 30 June 2015

Financial Highlights

- Revenues in H1 2015 increased to £1.4m (H1 2014*: £0.5m)
- EBITD in H1 2015 £0.258m (H1 2014* £0.230m)
- Reflecting significant investment in expanding the central infrastructure to manage the expanding portfolio, the Group recorded a loss before tax of £0.249m (H1 2014*: profit before tax of £0.137m)
- Introduced dynamic pricing structure which increased the number of beds occupied at the Elephant & Castle hostel by 5% in the 6 months to 30 June 2015 compared with the pro forma 6 month to 30 June 2014, whilst average bed rate (ABV) in the 6 months to 30 June 2015 reduced slightly to £18.73 (pro forma 6 months to 30 June 2014: £18.76), overall revenues increased as a consequence

Operational Highlights

- During the period, the Group operated Safestay hostels in Elephant & Castle and York
- Substantially completed the refurbishment of the Holland Park hostel which opened to the public in August 2015; upon completion in September 2015, the Group will be able to offer 781 beds in London each night
- Appointment of Philip Houghton as Chief Executive Officer in January 2015 and joined the Board in June 2015
- After the period end, on 17 August 2015, the Company announced the proposed acquisition of a 132 room/615 bed hostel and student accommodation scheme in Edinburgh, a freehold property, for £14.9m which when completed will lift the total number of beds across the four hostels in the peak summer season to over 1,500 beds and to 1,200 beds in the remainder of the year

**while the Company was incorporated on 29 January 2014, the comparative figures for H1 2014 represent 2 months' trading (from 2 May 2014 to 30 June 2014) and for the most part are for the Elephant & Castle hostel as the York hostel was acquired on 23 May 2014*

Larry Lipman, Chairman of Safestay, said:

“At the beginning of 2014, we were a private business running one hostel, today we have three contemporary hostels operating under the Safestay brand and we are poised to add what will be our largest hostel to date, in a very strong location in central Edinburgh.

A lot has happened in that time and these results reflect the rapid changes that have taken place. Importantly demand is good, we have invested in putting the infrastructure in place ahead of the expansion of our portfolio and we are well positioned to continue to grow the business, whilst underpinning the underlying value of the Company with a mix of freehold and long leasehold properties.”

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Chairman's Statement

Introduction

I am pleased to present the unaudited interim results of Safestay plc for the six months to 30 June 2015. The Company has grown rapidly and these results reflect the changes that have taken place, including the increase in Safestay hostels, the investment in the operational team and infrastructure and the value of the expanding portfolio.

It is difficult to extract meaningful comparisons with the corresponding period in the prior year, as those figures represent only two months' trading (from 2 May 2014 to 30 June 2014) and for the most part are for the Elephant & Castle hostel as the York hostel was acquired on 23 May 2014. What these results do show is our significant progress in developing the business towards establishing an expanding network of Safestay hostels.

Understanding and awareness of what a modern hostel has to offer in terms of comfort, affordability and enjoyment is increasing. Whilst the majority of our guests come from schools or colleges or are young travellers, there is a growing proportion of other older groups who are becoming aware of the option to stay in clean, comfortable rooms located in the centres of these cities for less than £15 per bed per night.

Today, Safestay operates three hostels in Holland Park, Elephant & Castle and York with a fourth hostel in Edinburgh expected to become part of the Group shortly.

Financial Review

For the period under review, the Company generated revenues of £1.4m (2014*: £0.5m), the Group recorded an operating profit of £0.028m (2014*: £0.221m) and a loss before tax of £0.249m (2014*: profit of £137k). As a consequence, the Group reported a loss per share of 2.84p (2014* profit: 5.1p). It is worth noting that while the comparable figures for 2014 are for only two months' trading and the figures for H1 2015 include a full 6 month period, the first couple of months of the year are among the Group's quietest trading months of the year.

During the period, the Group has invested in expanding its operational team and structure which will be capable of supporting a much bigger portfolio, bringing relevant hotel, booking and management experience that will help establish a modern flexible platform best suited to supporting the growing portfolio.

As at 30 June 2015, the Company had gross bank and loan note borrowings of £9.12m (30 June 2014: £9.92m) secured against its freehold properties with an average weighted interest cost of 4.5% (30 June 2014: 5.25%).

The Company has two freehold and one leasehold properties. As at 31 December 2014, its freehold property portfolio was independently valued at £15.0m.

On 12 January 2015, the Group entered into a 50 year lease on the Holland Park hostel. In accordance with IAS 17, the lease is accounted for as a finance lease arrangement (see note 7). Over the 50 year lease period and using a discount rate of 6%, the capitalised value of the lease is £10.4m.

The Board is not declaring the payment of an interim dividend.

**while the Company was incorporated on 29 January 2014, the comparative figures for H1 2014 represent two months' trading (from 2 May 2014 to 30 June 2014) and for the most part are for the Elephant & Castle hostel as the York hostel was acquired on 23 May 2014*

Operational review

At the start of 2015, Safestay was offering 560 beds each night, very shortly we will be able to offer over 1,500 beds per night (in the peak summer season) with the addition of the Holland Park and Edinburgh hostels. The increasing scale of the Group is an important part of our offer as the majority of our guests are travelling around the UK (and many of them are also travelling around Europe), and our ability to increasingly meet all their accommodation needs is a strong selling point and a key part of our business model.

To achieve this aim and manage growing the scale of the business, we have been investing in people and infrastructure to ensure that we have the necessary skills and systems in place to build a leading network of contemporary hostels. Most notably, Philip Houghton joined the Group in January 2015 and was appointed Chief Executive in June 2015; Philip is an established industry figure and founder of Starboard Hotels who has been driving a series of changes to manage the enlarged business.

Our Elephant & Castle hostel, located at John Smith House, the former headquarters of the Labour Party, has had another strong trading period with occupancy in the six months to 30 June 2015 increasing to 79.6% (H1 2014: 75.6%). The average bed rate for the six months to 30 June 2015 was slightly reduced at £18.73 (H1 2014*: £18.76) as we have sought to price more dynamically and fill slower periods with targeted discounts. As a result, we saw an overall increase in total bed revenue for the six months to 30 June 2015 of £53k up 5% when compared with the pro forma six months to 30 June 2014.

Our York hostel, located inside the historic walls of the city, is a 147 bed hostel operating from a freehold property which was acquired by the Group on 23 May 2014. After a programme of refurbishment, which was completed in December 2014, it was launched as a Safestay branded hostel in January 2015. While the hostel is seeing revenue and profitability growth, it is at a rate behind management's pre-opening expectations and occupancy in H1 2015 was 47% (H1 2014*: 55%). The general manager is being replaced and a dedicated sales and marketing resource is being employed who will initially focus on driving York revenues and support the Group's sales and marketing activities. Trading at York in the two months since the half year has been ahead of management's expectations and we expect that York will achieve its potential and anticipated trading levels.

Our Holland Park hostel, which is located in the park itself, is a Grade I listed building and was acquired on 12 January 2015 on a long leasehold. Unique in many ways, this extraordinary site opened under the Safestay brand in August 2015, offering 368 beds and upon completion of the refurbishment project in September 2015, will bring our total number of beds in London to 781. We expect demand for the Holland Park hostel to be strong.

In June 2015, the Group introduced charging for breakfast at each of its then operating hostels. The Board anticipates that this change will increase both revenue and profit.

**while the Company was incorporated on 29 January 2014, the comparative figures for H1 2014 represent 2 months' trading (from 2 May 2014 to 30 June 2014) and for the most part are for the Elephant & Castle hostel as the York hostel was acquired on 23 May 2014*

Proposed Acquisition of Edinburgh Hostel

On 17 August 2015, the Company announced the proposed acquisition of a 132 room/615 bed hostel and student accommodation scheme for a consideration of £14.9m. The Edinburgh hostel, which is located in the heart of Edinburgh Old Town just off the Royal Mile, provides a mix of hostel and student accommodation and has a 12 year contract with Edinburgh University to provide student accommodation during the academic year. On completion, the acquisition will significantly expand the Group's business. The Company has convened a general meeting of shareholders to be held on 9 September 2015 to approve among other things the acquisition of the Edinburgh hostel.

To fund the acquisition and rebranding of the Edinburgh hostel, the Company is proposing to raise approximately £18.0 million through a mix of debt and equity. The Company has already agreed a new £8.5 million secured debt facility with its bank to part finance the acquisition and is proposing to finance the balance through a firm placing and open offer of 13,764,938 new shares at 62p per share to raise £7.44m (net of expenses) and the issue of new Loan Notes to raise £1.0 million (before expenses).

Outlook

Trading has been positive in the first two months since the half year end in both the Elephant & Castle and York hostels. The Holland Park hostel is a superb site and we look forward to seeing it progress over the coming year. The Edinburgh hostel is an established business, with predictable revenue streams, but currently occupancy is at 65% creating the opportunity under the Safestay umbrella for this to increase. The concept for a Safestay hostel is compelling, offering safe and stylish accommodation at affordable rates in the heart of leading cities and consequently we are confident in the future growth of the business.

Larry Lipman
Chairman

| Condensed consolidated income statement | Note | Unaudited | Unaudited | Audited |
|--|------|--|---|--|
| | | 6 months to 30 June 2015 £000 | Period from 29 January to 30 June 2014 £000 | Period from 29 January to 31 December 2014 £000 |
| Revenue | 3 | 1,400 | 502 | 1,938 |
| Cost of sales | | (145) | (41) | (204) |
| Gross profit | | 1,255 | 461 | 1,734 |
| Administrative expenses | | (1,227) | (240) | (1,154) |
| Operating profit | | 28 | 221 | 580 |
| EBITD* | | 258 | 230 | 710 |
| Depreciation | | 230 | 9 | 130 |
| Operating profit | | 28 | 221 | 580 |
| Finance income | | 1 | - | 1 |
| Finance costs | | (278) | (84) | (444) |
| (Loss)/profit before tax | | (249) | 137 | 137 |
| Tax | | - | (30) | (22) |
| (Loss)/profit for the financial period attributable to owners of the parent company | | (249) | 107 | 115 |
| Basic earnings per share | 4 | (2.84) | 5.10 | 1.29 |
| Diluted earnings per share | 4 | (2.84) | 4.68 | 1.18 |

The revenue and operating result for the periods is derived from acquired and continuing operations in the United Kingdom

* Earnings before interest, tax and depreciation

| Condensed consolidated statement of comprehensive income | Unaudited 6 months to 30 June 2015 £000 | Unaudited Period from 29 January to 30 June 2014 £000 | Audited Period from 29 January to 31 December 2014 £000 |
|---|--|--|--|
| (Loss)/profit for the period | (249) | 107 | 115 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit and loss | | | |
| Revaluation of freehold land and buildings | 33 | - | 206 |
| Total comprehensive income for the period attributable to owners of the parent company | (216) | 107 | 321 |

| Condensed consolidated statement of financial position | | Unaudited 30 June 2015 £000 | Unaudited 30 June 2014 £000 | Audited 31 December 2014 £000 |
|---|--|--|--|--|
| Note | | | | |
| Non-current assets | | | | |
| | Property, plant and equipment | 27,881 | 14,701 | 15,000 |
| | Total non-current assets | 27,881 | 14,701 | 15,000 |
| Current assets | | | | |
| | Stock | 2 | 2 | 4 |
| | Trade and other receivables | 508 | 230 | 167 |
| | Deferred tax | 21 | - | 21 |
| | Derivative financial instruments | 6 | - | 7 |
| | Cash and cash equivalents | 842 | 1,423 | 3,310 |
| | Total current assets | 1,379 | 1,655 | 3,509 |
| | Total assets | 29,260 | 16,356 | 18,509 |
| Current liabilities | | | | |
| | Loans | 387 | 1,824 | 1,314 |
| | Trade and other payables | 1,427 | 820 | 662 |
| | | 1,814 | 2,644 | 1,976 |
| Non-current liabilities | | | | |
| | Bank loans, finance lease and convertible loan notes | 18,969 | 7,881 | 7,786 |
| | Derivative financial instruments | 45 | - | 46 |
| | Total non-current liabilities | 19,014 | 7,881 | 7,832 |
| | Total liabilities | 20,828 | 10,525 | 9,808 |
| | Net assets | 8,432 | 5,831 | 8,701 |
| Equity | | | | |
| | Share capital | 192 | 132 | 192 |
| | Share premium account | 6,410 | 3,808 | 6,410 |
| | Merger reserve | 1,772 | 1,772 | 1,772 |
| | Share-based payment reserve | 11 | 12 | 6 |
| | Revaluation reserve | 239 | - | 206 |
| | Retained earnings | (192) | 107 | 115 |
| | Total equity attributable to owners of the parent company | 8,432 | 5,831 | 8,701 |

| Condensed consolidated statement of cash flows | Unaudited 6 months to 30 June 2015 £000 | Unaudited Period from 29 January to 30 June 2014 £000 | Audited Period from 29 January to 31 December 2014 £000 |
|---|--|--|--|
| (Loss)/profit before tax | (249) | 137 | 137 |
| Adjustment for: | | | |
| Depreciation | 235 | 9 | 130 |
| Finance costs | 278 | 84 | 444 |
| Finance income | (1) | - | (1) |
| Share-based payments charge | 5 | 12 | 6 |
| Changes in working capital: | | | |
| Decrease in stock | 2 | 1 | 1 |
| Increase in trade and other receivables | (341) | (113) | (50) |
| Increase/(decrease) in trade and other payables | 764 | 93 | (26) |
| Net cash generated from operating activities | 693 | 223 | 639 |
| Cash flows from investing activities | | | |
| Interest received | 1 | - | 1 |
| Purchase of property, plant and equipment | (12,821) | (2,510) | (2,724) |
| Net cash outflow on acquisition of subsidiaries | - | (5,320) | (5,320) |
| Net outflow from investing activities | (12,820) | (7,830) | (8,043) |
| Cash flows from financing activities | | | |
| Issue of ordinary shares for cash | - | 4,800 | 8,114 |
| Payment for share issue costs | - | (896) | (1,549) |
| Repayment of borrowings | (1,164) | (4,546) | (5,186) |
| Dividend paid | (58) | - | - |
| Increase in borrowings | 11,434 | 9,917 | 9,917 |
| Interest paid | (553) | (25) | (356) |
| Loan arrangement fees | - | (220) | (226) |
| Net cash inflow from financing activities | 9,659 | 9,030 | 10,714 |
| Net increase in cash and cash equivalents | (2,468) | 1,423 | 3,310 |
| Cash and cash equivalents at beginning of period | 3,310 | - | - |
| Cash and cash equivalents at end of period | 842 | 1,423 | 3,310 |

Condensed consolidated statement of changes in equity

For the six months to 30 June 2015 (unaudited)

| | Share Capital | Share premium account | Merger Reserve | Share based payment reserve | Revaluation Reserve | Retained earnings | Total equity |
|--|------------------|-----------------------------|-------------------|-----------------------------------|------------------------|----------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 January 2015 | 192 | 6,410 | 1,772 | 6 | 206 | 115 | 8,701 |
| Comprehensive income | | | | | | | |
| loss for the period | - | - | - | - | - | (249) | (249) |
| Other comprehensive income | - | - | - | - | 33 | - | 33 |
| Total comprehensive income | - | - | - | - | 33 | (249) | (216) |
| Transactions with owners | | | | | | | |
| Dividend paid | - | - | - | - | - | (58) | (58) |
| Share based payment charge for the period | - | - | - | 5 | - | - | 5 |
| Balance at 30 June 2015 | 192 | 6,410 | 1,772 | 11 | 239 | (192) | 8,432 |

For the six months period from 29 January 2014 to 30 June 2014 (unaudited)

| | Share Capital | Share premium account | Merger Reserve | Share based payment reserve | Revaluation Reserve | Retained earnings | Total equity |
|--|------------------|-----------------------------|-------------------|-----------------------------------|------------------------|----------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Comprehensive income | | | | | | | |
| Profit for the period | - | - | - | - | - | 107 | 107 |
| Total comprehensive income | - | - | - | - | - | 107 | 107 |
| Transactions with owners | | | | | | | |
| Issue of shares | 132 | 3,808 | 1,772 | - | - | - | 5,712 |
| Share based payment charge for the period | - | - | - | 12 | - | - | 12 |
| Balance at 30 June 2014 | 132 | 3,808 | 1,772 | 12 | - | 107 | 5,831 |

For the period from 29 January 2014 to 31 December 2014 (audited)

| | Share Capital | Share premium account | Merger Reserve | Share based payment reserve | Revaluation Reserve | Retained earnings | Total equity |
|--|------------------|-----------------------------|-------------------|-----------------------------------|------------------------|----------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Comprehensive income | | | | | | | |
| Profit for the period | - | - | - | - | - | 115 | 115 |
| Other comprehensive income | - | - | - | - | 206 | - | 206 |
| Total comprehensive income | - | - | - | - | 206 | 115 | 321 |
| Transactions with owners | | | | | | | |
| Issue of shares | 192 | 6,410 | 1,772 | - | - | - | 8,374 |
| Share based payment charge for the period | - | - | - | 6 | - | - | 6 |
| Balance at 31 December 2014 | 192 | 6,410 | 1,772 | 6 | 206 | 115 | 8,701 |

1. Basis of preparation and accounting policies

The condensed interim consolidated financial statements of the Company and its subsidiaries ("the Group") for the 6 months to 30 June 2015 ("the period") have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the European Union. This interim statement does not constitute full accounts as defined by Section 434 of the Companies Act 2006.

These condensed interim financial statements have not been audited, do not include all of the information required for full annual financial statements and should be read in conjunction with the Group's consolidated annual financial statements for the period ended 31 December 2014. While the financial figures included within this interim report have been computed in accordance with IFRS applicable to interim periods, this report does not contain sufficient information to constitute an interim financial report as set out in International Accounting Standard 34 Interim Financial Reporting.

2. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors. Currently there is only one operating segment, which is the operation of hostel accommodation in the UK.

3. Revenue

Revenue is stated net of VAT and comprises revenues from overnight hostel accommodation and the sale of ancillary goods. Accommodation and the sale of ancillary goods is recognised when services are provided.

Sale of ancillary goods comprises sales of food, beverages and merchandise.

Deferred income comprises deposits received from customers to guarantee future bookings of accommodation. This revenue is recognised once the bed has been occupied.

4. Earnings per share

| | Unaudited 6 months to 30 June 2015 £000 | Unaudited Period from 29 January to 30 June 2014 £000 | Audited Period from 29 January to 31 December 2014 £000 |
|---|--|--|--|
| (Loss)/profit for the financial period attributable to owners of the parent company | (249) | 107 | 115 |
| | No 000 | No 000 | No 000 |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 9,622 | 2,100 | 8,948 |
| Effect of potential dilutive ordinary shares: share options | - | 189 | 792 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | 9,622 | 2,289 | 9,740 |
| Basic earnings per share | (2.61)p | 5.10p | 1.29p |
| Diluted earnings per share | (2.61)p | 4.68p | 1.18p |

Diluted Earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential ordinary shares.

5. Dividends

A final dividend of 0.3p per share for the period ended 31 December 2014 was paid on 26 June 2015. No interim dividend has been declared.

6. Property, plant and equipment

For the period from 1 January 2015 to 30 June 2015 (unaudited)

| | Freehold land and buildings £000 | Leasehold land and Buildings £000 | Plant and equipmen £000 | Total £000 |
|-----------------------|---|--|--|-----------------------|
| Cost | | | | |
| At 1 January 2015 | 14,921 | - | 113 | 15,034 |
| Additions | - | 13,011 | 67 | 13,078 |
| Revaluations | (42) | - | - | (42) |
| At 30 June 2015 | 14,879 | 13,011 | 180 | 28,070 |
| Depreciation | | | | |
| At 1 January 2015 | - | - | 34 | 34 |
| Charge for the period | 75 | 130 | 25 | 230 |
| Revaluation | (75) | - | - | (75) |
| At 30 June 2015 | - | 130 | 59 | 189 |
| Net book value | | | | |
| At 30 June 2015 | 14,879 | 12,881 | 121 | 27,881 |

For the period from 29 January 2014 to 30 June 2014 (unaudited)

| | Freehold land and buildings £000 | Leasehold land and buildings £000 | Plant and equipment £000 | Total £000 |
|-----------------------|---|--|---|-----------------------|
| Cost | | | | |
| Acquisitions | 12,128 | - | 72 | 12,200 |
| Additions | 2,470 | - | 40 | 2,510 |
| At 30 June 2014 | 14,598 | - | 112 | 14,710 |
| Depreciation | | | | |
| Charge for the period | - | - | 9 | 9 |
| At 30 June 2014 | - | - | 9 | 9 |
| Net book value | | | | |
| At 30 June 2014 | 14,598 | - | 103 | 14,701 |

For the period from 29 January 2014 to 31 December 2014 (audited)

| | Freehold land and buildings £000 | Leasehold land and buildings £000 | Plant and equipment £000 | Total £000 |
|-----------------------|---|--|---|-----------------------|
| Cost | | | | |
| Acquisitions | 12,128 | - | 72 | 12,200 |
| Additions | 2,683 | - | -- | 2,683 |
| Revaluations | 110 | - | 41 | 151 |
| At 31 December 2014 | 14,921 | - | 113 | 15,034 |
| Depreciation | | | | |
| Charge for the period | 96 | - | 34 | 130 |
| Revaluation | (96) | - | - | (96) |
| At 31 December 2014 | - | - | 34 | 34 |
| Net book value | | | | |
| At 31 December 2014 | 14,921 | - | 79 | 15,000 |

At 30 June 2015, the carrying value of the Group's freehold properties including fixtures and fittings was £15,000,000 (30 June 2014: £14,701,000, 31 December 2014: £15,000,000)

The directors valued the freehold properties using external valuations prepared by Edward Symmons LLP and the directors' consideration of factors. The valuations are based on the discounted cash flows technique with a capitalisation rate of 8% and discount rate of 10.5% applied to forecasts of future earnings before interest, taxation and depreciation (EBITDA).

The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in revaluation surplus.

Leasehold land and buildings additions comprise the capitalised finance lease plus refurbishment costs incurred on the Holland Park hostel.

The historical cost of property, plant and equipment is £27,872,000 (30 June 2014: £14,710,000, 31 December 2014: £14,924,000). Leasehold property includes capitalised interest of £261,000 (30 June 2014: £nil, 31 December 2014: £nil)

The Group has pledged freehold property with a carrying value of £14,879,000 (30 June 2014: £14,598,000, 31 December 2014: £14,921,000) to secure banking facilities and loan notes granted to the Group (see note 7).

7. Loans

| | Unaudited 30 June 2015 £000 | Unaudited 30 June 2014 £000 | Audited 31 December 2014 £000 |
|--|--|--|--|
| At amortised cost | | | |
| Bank loans | 6,320 | 5,600 | 5,460 |
| Convertible loan notes | 2,800 | 2,800 | 2,800 |
| Finance lease arrangements | 10,414 | - | - |
| Loan notes | - | 1,524 | 1,024 |
| | <u>19,534</u> | <u>9,924</u> | <u>9,284</u> |
| Unamortised Borrowing costs | (178) | (219) | (184) |
| | <u>19,356</u> | <u>9,705</u> | <u>9,100</u> |
| | | | |
| Loans repayable within one year | 387 | 1,824 | 1,314 |
| Loans repayable after more than one year | 18,969 | 7,881 | 7,786 |
| | <u>19,356</u> | <u>9,705</u> | <u>9,100</u> |

On 24 April 2015, the Group secured a loan of £1m from its principal lender secured on the hostel property in York. The loan term is for 5 years and interest is charged at 3.25% plus LIBOR. The proceeds of this loan were used to repay loan notes that were issued on 24 May 2014. The loan notes were repaid on 24 April 2015.

On 12 January 2015, the Group signed a 50 year lease on the hostel in Holland Park at a rent of £660,000 per annum. In accordance with IAS 17, this obligation has been treated as a finance lease arrangement.

The convertible loan notes were issued on 2 May 2014. They are convertible into Ordinary Shares at the option of the noteholder, at any time prior to redemption, at a rate which values each Ordinary Share at 57.5p per share. The redemption period is three years from the date of issue. Interest is payable at 6% per annum. The convertible loan notes are secured by way of a charge over the Group's hostel in Elephant & Castle, ranking after the security granted to the bank.

All of the Group's loans disclosed above comprise borrowings in sterling.

The repayment profiles of the loans as at 30 June 2015, 30 June 2014 and 31 December 2014 are as follows:

| 30 June 2015 | Convertible | Bank loans | Finance | Unaudited |
|--------------------------------|--------------|--------------|---------------|---------------|
| | loan notes | | lease | Total |
| | £000 | £000 | £000 | £000 |
| Due within one year | - | 350 | 37 | 387 |
| Between one and two years | - | 350 | 37 | 387 |
| Between two and five years | 2,800 | 5,620 | 125 | 8,545 |
| After more than five years | - | - | 10,215 | 10,215 |
| Balance at 30 June 2015 | 2,800 | 6,320 | 10,414 | 19,534 |

| 30 June 2014 | Convertible | Bank loans | Other short | Unaudited |
|--------------------------------|--------------|--------------|--------------|--------------|
| | loan notes | | term loan | Total |
| | £000 | £000 | £000 | £000 |
| Due within one year | - | 300 | 1,524 | 1,824 |
| Between one and two years | - | 300 | - | 300 |
| Between two and five years | 2,800 | 5,000 | - | 7,800 |
| After more than five years | - | - | - | - |
| Balance at 30 June 2014 | 2,800 | 5,600 | 1,524 | 9,924 |

| 31 December 2014 | Convertible | Bank loans | Other short | Audited |
|------------------------------------|--------------|--------------|--------------|--------------|
| | loan notes | | term loan | Total |
| | £000 | £000 | £000 | £000 |
| Due within one year | - | 300 | 1,024 | 1,324 |
| Between one and two years | - | 300 | - | 300 |
| Between two and five years | 2,800 | 4,860 | - | 7,660 |
| After more than five years | - | - | - | - |
| Balance at 31 December 2014 | 2,800 | 5,460 | 1,024 | 9,284 |

8. Share capital

| | Unaudited | Unaudited | Audited |
|--|-----------|-----------|-------------|
| | 30 June | 30 June | 31 December |
| | 2015 | 2015 | 2014 |
| | £000 | £000 | £000 |
| 19,244,519 (30 June 2014: 13,217,246, 31 December 2014: 19,244,519) ordinary shares of 1 1p each | 192 | 132 | 192 |

Copies of this announcement are available on the Company's website www.safestay.com