



15 November 2019

Safestay plc

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

Berlin Acquisition Expands European Hostel Network to 18

Safestay (AIM: SSTY), the owner and operator of an international brand of contemporary hostels, is pleased to announce that it has acquired the Hotel Auberge in central Berlin for €1.2 million. Currently operating as a 32 bedroom hotel, the Hotel Auberge is ideally suited to being converted into a modern 150 bed Safestay Hostel.

Commenting on the acquisition, Larry Lipman, Chairman of Safestay, “Berlin is a key tourist city which attracts around 13.5 million visitors each year and the hotel benefits from a desirable position in the centre of the town, which makes it a perfect fit for our portfolio of premium hostels. Acquiring existing leaseholds enables us to expand our reach more rapidly throughout Europe and gives us operating platforms which are immediately cash accretive. It also complements recent freehold acquisitions in Pisa, Glasgow and Venice. Our experience of converting small hotels to hostels makes us confident of being able to quickly release the potential of this site and deliver revenue growth.

Our operational success confirms we have established the Safestay model as the right one for our guests, and our focus is now firmly on expanding our network and making Safestay one of the largest hostel operators in Europe.”

Network Expansion in 2019

Already In 2019 we have increased our network by a third and the Group is on track to meet its target of having 20 hostels by 2020. The acquisition of Hotel Auberge is the fifth transaction the Group has made in the last 5 months:

- June acquired 161 bed Safestay hostel in Pisa
- October acquired Glasgow hotel to be converted into 200 bed Safestay hostel
- September entered a contract to acquire site to develop a 660 bed Safestay hostel in Venice
- October announced the acquisition of 150 bed hostel in Athens to open in January 2020
- November acquired Berlin hotel to be converted into a 150 bed Safestay hostel

With 18 hostels, Safestay is now able to offer customers a network of European cities in which to stay. Alongside the increased customer appeal, the scale of the network is attracting the attention of leisure and travel operators seeking to combine with Safestay to offer complementary services to our guests.

Hotel Auberge (Safestay Berlin)

Located close to Berlin’s famous zoo near the centre of the city, Hotel Auberge is a natural base from which to explore this famous City and therefore an excellent site for a premium hostel. Conversion from a 32 bed hotel into a 150 bed contemporary Safestay hostel will be completed during the first

quarter of 2020. The transition into a hostel is expected to transform the earnings potential of the site and it will immediately benefit from being a part of the fast-growing Safestay network.

In the 12 months to 31 December 2018, Hotel Auberge generated revenues of €0.8 million and EBITDA of €0.15 million. The consideration before transaction costs, which is also the value of the assets being acquired, is €1.2 million and will be satisfied in cash from the Group's existing resources. The site will be operated under an 11 year lease.

Safestay Network

Region	Location	Beds	Leasehold/ Freehold
UK	Edinburgh	607	Finance lease
	York	147	Freehold
	Elephant and Castle (London)	486	Finance lease
	Kensington Holland Park (London)	319	Finance lease
Europe	Berlin	*70	Leasehold
	Brussels	*88	Leasehold
	Lisbon	150	Leasehold
	Madrid	228	Leasehold
	Pisa	161	Freehold
	Prague	150	Leasehold
	Vienna	*107	Leasehold
	Glasgow	*110	Freehold
	Passeig de Gràcia (Barcelona)	380	Leasehold
	Gothic Quarter (Barcelona)	132	Leasehold
	Sea (Barcelona)	96	Leasehold
Subtotal	15	3,231	
Under Development	Athens	150 (Q1 2020)	Leasehold
	Paris	246 (2020)	Leasehold
	Venice	660 (2022)	Freehold (JV)
Total	18	4,287	

**Vienna, Brussels, Glasgow and Berlin will be converted to hostels in Q1 2020 adding 300 beds to the portfolio*

Larry Lipman, Chairman of Safestay, said, "The business has good momentum across all fronts. Our pipeline of new sites is strong with further transactions likely to complete in the near term and the advantages of our increased scale showing in the performance of the operating business."

Enquiries

Safestay plc
Larry Lipman

+44 (0) 20 8815 1600

Canaccord Genuity Limited
(Nominated Adviser and Broker)
Bobbie Hilliam

+44 (0) 20 7523 8000

Novella
Tim Robertson
Fergus Young

+44 (0) 20 3151 7008

For more information visit our:

Website www.safestay.com

Vox Markets page <https://www.voxmarkets.co.uk/company/SSTY/news/>

Instagram page www.instagram.com/safestayhostels/