



18 December 2019

Safestay plc

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

Acquires three Hostels expanding network to 21

Safestay (AIM: SSTY), the owner and operator of an international brand of contemporary hostels, is pleased to announce:

- the acquisition of three hostels in Warsaw, Prague and Bratislava from Dreamgroup Management E.C.P. Ltd for a total consideration of €3.7 million;
- the increase of Safestay’s network to more than 5,000 beds across 21 hostels, all centrally located in Europe’s leading cities;

Larry Lipman, Chairman of Safestay, said, “It is satisfying to meet our target of having at least 20 hostels one year ahead of schedule. However, the true value of the operating network we are establishing is in the customer response to the Safestay brand and the sought-after central locations in key cities our hostels occupy. No other hostel operator offers the same range of premium sites in leading locations making the Safestay network uniquely positioned in a sector that is growing rapidly.

It is pleasing to note that early stage investment in people and systems has positioned the Group strongly to integrate the flow of additional hostels, and that post integration, there is a positive response to the impact of the specialist systems, revenue management and sales initiatives implemented throughout the company. The board believe this will combine to ensure long term ongoing dominance by Safestay in the sector”

Acquisition of 3 Dream Hostels

The three sites are being acquired from Dreamgroup Management E.C.P. Ltd which owns and operates hostels primarily in Ukraine. Key details on each site:

- **Warsaw:** An excellent hostel and the largest in Warsaw offering 158 beds. Centrally positioned in the heart of the Old Town and a short stroll from the Old Town Market Square. The site has been operating as a hostel since 2016 and is therefore well established in a City that attracts around 6.4 million visitors per annum.
- **Prague:** The hostel opened in February 2019 in a well-located site in the heart of this famous city. Offering 204 beds, the site complements the Group’s existing hostel in Prague so that together Safestay can accommodate 354 people across the two hostels. Given the Group’s detailed knowledge of the Prague market, the Company is confident that this site will become a strong addition to the Safestay network.
- **Bratislava:** A 124 bed hostel, established in 2017 in the capital of Slovakia. This hostel is conveniently located in this vibrant city and is an excellent fit within our portfolio.

Warsaw and Bratislava generated €1.2 million revenues and €0.1 million EBITDA in 2018, and it is estimated that following the opening of Prague in 2019, the 3 hostels will generate revenues in excess of €2 million and EBITDA of €0.3 million in the 12 months to 31 December 2019. The consideration before transaction costs, which is also the value of the assets being acquired, is €3.7 million and will be satisfied in cash from the Group's existing resources. Completion of the acquisition is expected to happen in Q1 2020. The acquisitions are expected to be accretive in the first full year of ownership. All three properties are leasehold.

The three sites will be integrated with *Cloudbeds*, the Group's booking system, from completion and will require minimal investment to operate under the Safestay brand. They achieved an average occupancy of 74% in the first 9 months to September 2019 and are expected to immediately benefit from joining the Safestay network.

Safestay Network

Since October 2018 Safestay has doubled in size, adding 10 hostels to its portfolio and increasing the number of beds to over 5,000 when all development plans have been completed. Of the operational sites acquired, Vienna (November 2018), Brussels (November 2018) and Pisa (June 2019) have all traded well with occupancy in excess of 75% in the 11 months to November 2019. We expect our most recent acquisitions in Glasgow and Berlin to follow the same successful path, even more so once their conversion to hostels is completed in Q1 2020.

Region	Location	Beds	Leasehold/ Freehold
UK	Edinburgh	618	Finance lease
	Glasgow	*200	Freehold
	London "Kensington Holland Park"	345	Finance lease
	London "Elephant and Castle"	491	Finance lease
	York	151	Freehold
Europe	Barcelona "Passeig de Gràcia"	380	Leasehold
	Barcelona "Gothic Quarter"	132	Leasehold
	Barcelona "Sea"	96	Leasehold
	Berlin	*168	Leasehold
	Brussels	*196	Leasehold
	Lisbon	150	Leasehold
	Madrid	228	Leasehold
	Pisa	171	Freehold
	Prague Charles Bridge	150	Leasehold
	Vienna	*141	Leasehold
Operating	15	3,617	
Under Development	Athens	132 (Q1 2020)	Leasehold
	Prague Museum	204 (Q1 2020)	Leasehold
	Bratislava	124 (Q1 2020)	Leasehold
	Warsaw	158 (Q1 2020)	Leasehold
	Paris	246 (2020)	Leasehold
	Venice	660 (2022)	Freehold (JV)
Total	21	5,141	

*bed stock after completion of the conversion / renovation in Vienna, Brussels, Glasgow and Berlin, all due to complete in Q1 2020

Enquiries

Safestay plc +44 (0) 20 8815 1600
Larry Lipman

Liberum Capital Limited +44 (0) 20 3100 2000
(Nominated Adviser and Broker)
Andrew Godber/Edward Thomas/Laura Hamilton

Novella +44 (0) 20 3151 7008
Tim Robertson
Fergus Young

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (MAR).

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/