



26 March 2021

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION UNDER UK MAR.

Safestay plc

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

Safestay (AIM: SSTY), the owner and operator of an international brand of contemporary hostels, is pleased to announce that the Group has entered into conditional sale and purchase Agreements to sell the Edinburgh Hostel to a&o Hotels and Hostels for a cash consideration of £16 million payable at completion, representing a 22% premium to the £13.4 million book value. The 2019 annual EBITDA of the hostel pre-COVID 19 was £1.7 million.

The Group has responded to the pandemic and associated lockdowns across Europe by reducing the monthly cash burn of the business to £0.35 million which has significantly mitigated the impact of having to close the hostels. However, despite these measures, the extensions of the lockdowns, which have lasted significantly longer than first expected, means the Company needs additional short-term capital.

The Board believes that an asset disposal is the optimal approach for the Group to raise new capital in the current market environment. The £16 million offer for the Edinburgh hostel is an attractive solution.

Part of the proceeds of the disposal will be used to reduce debt by 35% whilst providing the Group with sufficient cash reserves for the next months. The Board believes this is the best option to protect shareholders’ interests and place the Company in a strong position for when the market recovers, new opportunities arise, and the Company can again be cash generative.

The transaction is conditional upon shareholder approval. That approval will be sought at a general meeting of the Company to be held at 1a Kingsley Way, London N2 0FW at 10 a.m. on 30 April 2021. The notice of that meeting will be sent to shareholders along with the circular setting out further information with regards to the transaction.

Larry Lipman, Chairman of Safestay, said:

“We are very pleased with this transaction as it will facilitate a 35% reduction in Group borrowings as well as give us the cash balance to re-engage as restrictions lift. It is a very positive solution which provides a solid foundation to not only restart but also to have the option to invest at a time when many of our competitors will not.”

Enquiries:

Safestay plc

Tel: +44 (0) 20 8815 1600

Larry Lipman

Liberum (Nomad & Joint Broker)

Tel: +44 (0) 20 3100 2000

Andrew Godber / Edward Thomas / Miquela Bezuidenhoudt

Novella

Tel: +44 (0) 20 3151 7008

Tim Robertson / Fergus Young

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/