



1 July 2021

Safestay plc

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

Completion of the Sale of Edinburgh Hostel

Safestay (AIM: SSTY), the owner and operator of an international brand of contemporary hostels, is pleased to announce that on 30 June 2021 the Group completed on the sale of its Edinburgh Hostel to a&o Hotels and Hostels for a cash consideration of £16 million, 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 through lockdown, which has significantly mitigated the impact of having to close the hostels. However, despite those measures, following the prolonged extension of the lockdowns, the Board took the decision to provide the Company with greater balance sheet security and flexibility by securing additional capital in approving this attractive £16 million offer for the Edinburgh hostel.

The Board believes this sale was the best option to protect shareholders’ interests and place the Company in a strong position for when the market recovers, being able to take of advantage of new opportunities that are expected to arise.

Part of the proceeds of the disposal will be used to reduce debt by 35% whilst providing the Group with sufficient cash reserves as the business moves back out of lockdown towards positive cash generation over the coming months.

Larry Lipman, Chairman of Safestay, said:

“This transaction has facilitated a 35% reduction in Group borrowings as well as providing us with the cash to reset our hostels and re-engage as restrictions lift. It is a very positive solution both for the restart, which is underway, but also to have the option to invest at a time when many of our competitors will not.”

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

Instagram page: www.instagram.com/safestayhostels/