

16 October 2023

Safestay plc

("Safestay", the "Company" or the "Group")

Acquisition of Edinburgh Hostel

Safestay (AIM: SSTY), the owner and operator of an international brand of contemporary hostels, is pleased to announce it has agreed to acquire a freehold property in the centre of Edinburgh, which until a few years ago operated as a hostel, for cash consideration of £4.3 million.

The property is an attractive and spacious Grade A listed building located in the heart of Edinburgh on Cowgate Street, well known for its lively bar and cafe scene. Arranged over 6 floors and covering 30,000 sq ft in total, the first three floors previously operated as a hostel, whilst the upper three floors are let to two tenants until 2038 generating £133,000 in rent per annum. The tenants are The Society of Advocates and the Solicitors Society (who are the vendors), and the building is adjacent to the law courts.

The building requires general refurbishment to make it ready to re-open in advance of the key summer market next year. Once completed, the hostel will offer 225 beds in a variety of room combinations typically ranging from 2-8 bed rooms, some with ensuite facilities.

Edinburgh is a city the Company knows well having owned and operated a successful 615 bed hostel for 6 years in this city until the pandemic in 2021 when it was sold for £16 million. Edinburgh is a leading European city, attracting large numbers of tourists and visitors every year, many of whom are looking for central and affordable accommodation.

The consideration for the acquisition is £4.3 million which will be satisfied from the Group's existing cash resources. As a result, the Group's hostel portfolio now consists of 17 operating hostels and with the addition of Edinburgh, the number of beds across the portfolio increases to 3,476.

Larry Lipman, Chairman of the Group, commenting on the acquisition said:

"We never wanted to leave Edinburgh for long and are delighted to return and link up with our other Scottish site in Glasgow. Edinburgh is a truly stunning city and a key destination for millions of young travellers to visit. The property is superbly positioned right in the centre with easy access to all the main attractions and we feel confident, knowing this market as we do, that it will be a strong contributor to the Group.

Our trading performance over the last 18 months since we have been allowed to trade post pandemic has shown that our market is in good health. Demand and pricing have demonstrably increased which will increasingly benefit us as we expand the portfolio with excellent sites such as this."

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as amended by The Market Abuse (Amendment) (EU Exit) Regulations 2019.

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

Novella +44 (0) 20 3151 7008
Tim Robertson
Safia Colebrook

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/