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Safestay plc

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

First Management Contract to run Independent Hostel

Safestay (AIM: SSTY), the owner and operator of an international brand of contemporary hostels, announces that it has signed its first management contract to run the resort-based 120 bed Calpe Seafront Hostel on Spain's Costa Blanca on behalf of a property investment company.

The Calpe Seafront hostel is located opposite Salt Lake, home to flocks of greater flamingos, five minutes' walk from Arenal-Bol beach and a 45 minute drive from Alicante airport. It was acquired after the hostel had been put into administration during the pandemic, when trading was severely curtailed. The hostel has been closed since. As an established hostel operator in Spain, Safestay is well positioned to take over the management under the Safestay brand and incorporate it into the Group's booking system. The management contract is for an initial 20-year term and importantly should form the template for further management outsourcing transactions.

Prior to the pandemic, the Calpe Seafront was a successful hostel and the Group is confident of being able to quickly re-establish trading and return it to being a successful business. It is a two-storey building with a mix of rooms with 4-6 beds in each and some private rooms. All have air conditioning and there is an attractive outside terrace. Some refurbishment work is required to prepare the building for re-opening and this work, funded by the landlord, has commenced and is scheduled to complete in June 2024. The Calpe Seafront Hostel will adopt Safestay branding.

Calpe is known for outdoor sports and activities including sailing, climbing, hiking and cycling. These attractions bring a number of people to the area, from dedicated sports enthusiasts to young explorers, to solo travellers and families. A wide range of potential customers.

Under the management contract, Safestay will receive a fixed management fee plus a percentage of revenue and profits above certain levels. The Calpe Hostel will be Safestay's fourth Spanish based hostel and eighteenth hostel overall. It will benefit from Group economies of scale as well as being part of the Group's booking system and overall marketing programme which last year welcomed 848,633 guests across the portfolio.

Larry Lipman, Chairman of Safestay, said, "We are excited about the addition of the Safestay Calpe Seafront on the Costa Blanca in Spain to our portfolio of upmarket hostels across Europe. This is the first management contract signed by Safestay and we are already discussing other similar opportunities with the aim of adding an asset-light portfolio of hostels to sit alongside our expanding freehold and leasehold portfolio. Safestay Calpe Seafront, while different in being resort based, is a unique hostel which will fit naturally into our network. I believe it will be a strong addition alongside our new Edinburgh hostel, which is also opening in June."

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

Instagram page www.instagram.com/safestayhostels/