



7 June 2024

Safestay plc

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

Acquisition of Central Property in Brighton to be converted into a 220 bed Premium Hostel

Safestay (AIM: SSTY), the owner and operator of an international brand of contemporary hostels, is pleased to announce the acquisition of a freehold property in the centre of Brighton, from the University of East Sussex, by Safe Hostels Ltd, a 100% owned subsidiary of and guaranteed by Safestay Plc, with the intention of converting it into a 220-bed hostel. As part of the completion process, the charges on the property will be satisfied as the sale is conditional on this.

The Group is expanding and this purchase follows the acquisition last month of a 100 bed hostel in Cordoba, Spain, the signing of a management contract to run the resort-based 120 bed Calpe Seafront Hostel in Spain in April and the acquisition of a 225 bed hostel in Edinburgh in October last year.

The building is an attractive Grade II listed end of terrace property located in the heart of Brighton just 600m from the seafront. Set over five storeys and totalling 15,285 sq ft, the building is currently vacant. Upon completion, the Group will seek planning permission to convert the regency-style building into a hostel offering 220 beds, 200 of which will be in dormitory style accommodation and 20 in private rooms.

The additional cost of conversion is estimated at £1 million and should take approximately six months. In its first year of trading, sales and EBITDA are projected to be £750,000 and £250,000 respectively.

Safestay Brighton will be the Company's sixth hostel in the UK and the twentieth for the Group as a whole. A popular tourist destination, Brighton is an easy journey from London, and has been described as the UK's "hippest city", attracting over 11 million visitors per year. The hostel is ideally situated, opposite the Royal Pavilion, a former regency palace and one of Brighton's most popular tourist destinations. It is also within close range of The Lanes, the city centre's shopping and leisure district.

There is currently a lack of budget tourist accommodation on offer in the city, providing an opportunity for Safestay to fill a gap in the market with its premium hostel offer.

The total acquisition consideration is £2.275 million and will be funded by the Group's existing cash resources and a new £1.2 million loan from the trustees of the Sheldon Pension Fund and Sentpark Capital Limited. The loan interest rate is 1% per month and is serviced monthly with a repayment date of 18 months after the drawdown date or earlier, subject to the one year minimum interest period.

Larry Lipman, Chairman of Safestay, said, "I am delighted to announce this acquisition. It is a unique building and ideally suited to becoming a premium Safestay hostel. Brighton has an excellent reputation in the UK as both a seaside getaway and a lively cultural hub, and there is growing demand for affordable tourist accommodation in the city. Safestay will help fill this gap in the market by offering premium hostel stays for visitors, in a grand property, at a low cost. I am confident that this will be another strong addition to our portfolio."

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

Instagram page www.instagram.com/safestayhostels/

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