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Safestay PLC
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safestay hostels & hotels **News Release**

1 August 2024

Safestay plc

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

Lease Surrender for Only Unprofitable Property

Safestay PLC (AIM: SSTY), one of Europe's largest hostel groups, announces that its wholly owned subsidiary, Equity Point Prague sro, has taken the decision to sign a binding agreement to surrender the lease for its 52-room hotel in Vienna (the "Hotel") to the Hotel's landlord, Hotel La Prima GmbH & Co KG (the "Surrender Agreement"). This strategic decision removes the only loss-making property in Safestay's portfolio and will enable the group to redeploy capital where there are stronger returns.

In October 2018, Safestay signed a 10-year lease for the Hotel with the intention of converting the property into a hostel. Since then, the Company has not been able to secure the licence required to do so and, as a result, the Hotel has not benefited from the same synergies and economics of the Group's wider hostel portfolio, resulting in a loss.

In the 12 months to 31 December 2023, the Hotel made a loss of £376,000 and had net liabilities of £506,000, excluding the intercompany debt.

Under the terms of the Surrender Agreement the total consideration payable by Safestay is €532,000, representing historic COVID-deferred rent. BOSU SBS Hotel GmbH, the new tenant for the Hotel, has agreed to pay Safestay €275,000, which will be used by the Company to pay down the consideration. In addition, to complete the transaction Safestay will pay a further €107,000 from a historic rent deposit account and €150,000 from the Company's existing cash resources to settle the outstanding balance.

Larry Lipman, Chairman of Safestay, said:"We are pleased to have successfully come to an agreement to exit the lease of the Group's Vienna property.

Whilst the site's fundamentals align with our portfolio criteria, without the correct licence to become a hostel it could never reach its potential within the Group.

Therefore, this is a suitable and strategic exit for us, removing our only loss-making property and enabling us to redeploy our capital to seek new opportunities with strong returns.

We continue to execute against our growth strategy, with recent acquisitions in Brighton and Córdoba, Spain, as we focus on exploiting the significant growth opportunities available to us as an established international brand in the highly fragmented and significant global hostel market."

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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/

Notes to Editors

About Safestay PLC

Safestay PLC is one of Europe's largest hostel groups, operating in the fragmented and fast-growing global hostel market that is expected to be worth $8.9bn annually by 2027*.

Safestay's portfolio of 18 premium hostels and two hotels offer guests both private and shared rooms in destination cities across the UK, Spain, Belgium, Czech Republic, Germany, Greece, Italy, Poland, Portugal, and Slovakia.

The Group currently offers more than 3,250 beds across its locations and served over 400,000 travellers in the first half of 2023, a 41% increase against the prior year.

Safestay's mission at each of its locations is to provide a safe, inclusive, and enjoyable space that caters to the needs of different travellers. Its properties offer first-class locations and thoughtful designs that cater for the different needs of travellers, from digital nomads to backpackers and from families to group travellers.

The company's strong growth momentum continues and during 2024 has announced the acquisition of a freehold hotel property in Brighton and a hotel in central Cordoba, Spain, with the intention of converting these into a 220-bed hostel and 100-bed hostel respectively, as well as the signing of its first management contract for a 120-bed hostel on Spain's Costa Blanca.
https://www.safestay.com/

**Source - Markets and Research, August 2022*

Safestay's pan-European locations include:

- Athens Monastiraki, Greece
- Barcelona Gothic, Spain
- Barcelona Passeig de Gracia, Spain
- Berlin Kurfurstendamm, Germany (hotel)
- Bratislava Presidential Palace, Slovakia
- Brighton, UK (in development)
- Brussels Grand Place, Belgium
- Glasgow Charing Cross, UK
- Edinburgh Cowgate, UK
- London Elephant & Castle, UK
- London Kensington Holland Park, UK
- Lisbon Bairro Alto, Portugal
- Madrid Central, Spain
- Pisa Centrale, Italy
- Prague Charles Bridge, Czeck Republic
- Warsaw Old Town, Poland
- York Micklegate, UK

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