

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

**Sale of Edinburgh Freehold Property for £5.35 million
and
Trading Update**

Safestay (AIM: SSTY), one of Europe's largest hostel groups, announces that it has exchanged contracts for the sale and subsequent franchising of its freehold property and hostel, Safestay Edinburgh Cowgate (the "Property"), to a private investor for a cash consideration of £5.35 million (the "Transaction"). Under new ownership, the Property will continue to operate under the Safestay brand as part of a new 10-year franchise agreement (the "New Franchise Agreement"). Completion of the sale is expected to occur on 1 December 2025.

The Transaction follows the Company's announcement which was released on 17 June 2025, in which Safestay confirmed that it was considering the conditional sale of the freeholds of certain of its UK assets. The net proceeds from the Transaction will be used to repay indebtedness, for working capital purposes and to strengthen the Group's balance sheet, supporting the delivery of its long-term growth ambitions.

Under the terms of the New Franchise Agreement, the Property will remain integrated within Safestay's sales and marketing platform and will continue to benefit from the Group's operational expertise and proprietary IT infrastructure. The new owner will also have access to Safestay's dedicated support services through Safestay's Commercial Hub in Warsaw, including digital services, sales and yield management advice. In return, the Group will receive a fixed annual payment of £75,000 with additional performance-based fees payable, including commission on direct bookings via the Safestay platform.

In the seven months to 31 December 2024, since its opening in June 2024, Safestay Edinburgh Cowgate generated audited revenue of approximately £0.95 million and profit before tax of approximately £0.125 million. As at 30 June 2025, the unaudited book value of the Property was approximately £6.36 million. Safestay purchased the Property in October 2023 for £4.3 million and subsequently invested approximately £1.2 million in preparing and refurbishing the site ahead of its successful opening.

The New Franchise Agreement marks the Group's second following the agreement which was entered into in August 2025 for two properties in the popular alpine resort of Kitzbühel, Austria. The rebranding of these properties is now complete, with initial trading being in line with management's expectations.

Trading Update

In its interim results announcement which was released on 23 September 2025, the Company stated that it was experiencing significant price pressures which were impacting revenue, including through the key trading months of July and August. As a result, the Company guided that it expected FY2025's revenue to be lower than in FY2024.

Since the release of that announcement, the Company announces that the challenging trading conditions and price pressures have continued. Against this backdrop, the Board continues to focus on maintaining occupancy rates and controlling costs. Additionally, the Board is considering various strategic options, including further disposals and/or the sale and leasebacks of certain of the Company's properties and/or an equity fundraising. A further announcement will be made in due course.

Larry Lipman, Chairman of Safestay, said:

"The sale of our Edinburgh freehold for £5.35 million reflects the quality of the property in the Group's portfolio and strengthens Safestay's balance sheet to support our long-term sustainable growth plans.

The new franchise model for the Edinburgh hostel is an attractive one for both parties, providing the hostel owner access to our systems and brand, whilst providing the Group with fixed and commission income as well as continued brand exposure in a high-quality, city centre location.

More broadly, the trading environment across the European hostel market remains challenging with continued pressures on pricing. Against this backdrop, we are considering a range of strategic options to both support our plans for sustainable growth and crystallise value for shareholders."

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Website www.safestay.com
Instagram page www.instagram.com/safestayhostels/

About Safestay PLC

[Safestay](http://www.safestay.com) 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 operational sites of 21 premium hostels and one hotel offer guests both private and shared rooms in destination cities across the UK, Spain, Belgium, Czech Republic, Germany, Greece, Italy, Poland, Portugal, Austria and Slovakia.

In 2025, the Group delivered a 1% increase in Total Bed Nights to 415,606, 40.5% of which were booked through direct and non-commissionable channels.

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.

<https://www.safestay.com/>

*Source - Markets and Research, August 2025

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](#)
- Budapest, Hungary (in development)
- [Calpe Seafront, Spain \(in development\)](#)
- [Córdoba Mezquita Catedral, Spain](#)
- [Glasgow Charing Cross, UK](#)
- [Edinburgh Cowgate, UK](#)
- Kitzbühel, Austria
- [London Elephant & Castle, UK](#)
- [London Kensington Holland Park, UK](#)
- [Lisbon Bairro Alto, Portugal](#)
- [Madrid Central, Spain](#)
- Naples, Italy (in development)
- [Pisa Centrale, Italy](#)
- [Prague Charles Bridge, Czech Republic](#)
- [Warsaw Old Town, Poland](#)
- [York Micklegate, UK](#)

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