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THIS IS AN ANNOUNCEMENT UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "TAKEOVER CODE") AND IS NOT AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE TAKEOVER CODE AND THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE, NOR AS TO THE TERMS ON WHICH ANY OFFER MIGHT BE MADE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

17 September 2021

**Safestay plc**  
("Safestay" or the "Company")

### **Strategic Review, Formal Sale Process and Commencement of Offer Period**

The Board of Safestay plc (the "Board") has been considering options for the Company with its advisers. As set out in the results for the 12 months to 31 December 2020 published on 30 July 2021, in response to the global pandemic, the focus of the Board switched to first protecting the business and then to securing the capital to enable the business to re-emerge strongly. In this the Company has been successful, through substantially reducing its cost base, taking advantage of government support and renegotiating rental terms with its landlords. The Company has also completed the sale of two assets to raise £16.8 million giving it sufficient capital to compete strongly for when the market recovers, and new opportunities arise. The Board has also received a very early stage and highly conditional approach from a party in relation to a possible offer for the issued and to be issued share capital of Safestay plc.

In light of these factors, and to better position the Company for further growth, and to maximise value for existing shareholders, the Board has now determined to undertake a review of the strategic options. These options include, but are not limited to, a sale of the Company which will be conducted under the framework of a "formal sale process" in accordance with the Takeover Code.

The Board is unanimous in its support for such a strategic review.

The Board has appointed PricewaterhouseCoopers LLP ("PwC") as its financial adviser. Parties with a potential interest in making a proposal should contact PwC, whose details are set out below.

Larry Lipman, Chairman, commented:

*"From May we began reopening our portfolio of premium hostels and we have seen occupancy improve month on month in line with internal forecasts. Following the two disposals earlier this year for a combined total of £16.8m, we reduced borrowings by 35% and injected £6.3m in cash to support the transition back to being fully operational. Individual and Group bookings are coming in for the winter and for 2022 and underpin our confidence of returning to pre-Covid levels of trading. We believe strongly in the appeal of the Safestay brand. However, we recognise that this is a natural point, as we relaunch the business post covid, to undertake a strategic review, in order to maximise value for all shareholders. This process will reveal whether there is additional value for shareholders compared to the upside we believe we can deliver."*

Any interested party will be required to enter into a non-disclosure agreement with the Company on terms satisfactory to the Board. The Company then intends to provide

such interested parties with certain information on the business, following which interested parties will be invited to submit their proposals to PwC.

Further announcements regarding timings and procedures for the formal sale process will be made as appropriate. The Company is not currently in any discussions with any potential offeror relating to an acquisition of the issued and to be issued share capital of the Company.

Shareholders are advised that there can be no certainty that any offers will be made, nor as to the terms of any offer, and thus whether any offer will be completed. The Board reserves the right to alter any aspect of the process or to terminate it at any time and will make further announcements as appropriate.

The Board also reserves the right to reject any approach or terminate discussions with any interested party or participant at any time.

#### **Rules 2.4(a), 2.4(b) and 2.6(a) of the Takeover Code**

The Takeover Panel has granted a dispensation from the requirements of Rules 2.4(a), 2.4(b) and 2.6(a) of the Takeover Code such that any interested party participating in the formal sale process will not be required to be publicly identified as a result of this announcement (subject to Note 3 to Rule 2.2 of the Takeover Code) and will not be subject to the 28 day deadline referred to in Rule 2.6(a), for so long as it is participating in the formal sale process. Interested parties should note Rule 21.2 of the Takeover Code, which will prohibit any form of inducement fee or other offer-related arrangement, and that the Company, although it may do so in the future, has not at this stage requested any dispensation from this prohibition under Note 2 of Rule 21.2. Following this announcement, the Company is now considered to be in an "offer period" as defined in the Takeover Code, and the dealing disclosure requirements summarised below will apply.

This announcement is not an announcement of a firm intention to make an offer under Rule 2.7 of the Takeover Code and there can be no certainty that an offer will be made, nor as to the terms on which any offer will be made.

#### **Enquiries**

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PwC is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") and is acting exclusively for the Company and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of PwC or for providing advice in relation to the matters described in this announcement.

Liberum Capital Limited ("Liberum"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to Safestay and for no one else in connection with any matter referred to in this announcement and will not be responsible to anyone other than Safestay for providing the protections afforded to its clients nor for providing advice in relation to any matters set out in this Announcement.

## **Rule 2.9**

In accordance with Rule 2.9 of the Code, Safestay confirms that it has in issue 64,679,014 ordinary shares of 1 penny each in the capital of the Company ("Ordinary Shares") admitted to trading on the AIM Market of the London Stock Exchange. The International Securities Identification Number for Safestay Ordinary Shares is GB00BKT0J702.

### **Dealing Disclosure Requirements of the City Code on Takeovers and Mergers**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

## **MAR**

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014, as implemented into English law ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information will be considered to be in the public domain.

### **Publication on Website**

A copy of this announcement will be made available at [www.safestay.com/investors](http://www.safestay.com/investors) no later than 12:00 noon (London time) on 20 September 2021 (being the business day following the date of this announcement) in accordance with Rule 26.1 of the Takeover Code. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

### **Forward-looking Statements**

This announcement contains statements which are, or may be deemed to be, "forward-looking statements" which are prospective in nature. All statements other than statements of historical fact are forward-looking statements. They are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of a date in the future or forward-looking words such as "plans", "expects", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", "targets", "aims", "projects" or words or terms of similar substance or the negative of those terms, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations or events that are beyond the Company's control.

Forward-looking statements include statements regarding the intentions, beliefs or current expectations of the Company concerning, without limitation, future revenues, economic performance, financial condition, and future prospects.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause the actual results, performance or achievements of Safestay to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Neither Safestay nor any of its Directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document.

Other than in accordance with its legal or regulatory obligations (including under the AIM Rules and the Disclosure Guidance and Transparency Rules), Safestay is not under any obligation and Safestay expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **No Offer or Solicitation**

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or solicitation of any offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities or the solicitation of any vote or approval in any jurisdiction. Any offer (if made) will be made solely by certain offer documentation which will contain the full terms and conditions of any offer (if made), including details of how such offer may be accepted. This announcement has been prepared in accordance with English law and the Code, and information disclosed may not be the same as that which would have been prepared in accordance with laws outside of the United Kingdom. The release, distribution or publication of this announcement in jurisdictions outside of the United Kingdom may be restricted by laws of the relevant jurisdictions, and therefore persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

Nothing in this announcement is or should be relied on as a promise or representation to the future. This announcement includes certain statements, estimates and projections provided by the Company in relation to the Company's anticipated future performance. Such statements, estimates and projections are based on various assumptions made by the Company concerning anticipated results which may or may

not prove to be correct. No representations or warranties are made by any person as to the accuracy of such statements, estimates or projections.