DALATA
HOTEL GROUP PLC

Transformational Year for Dalata

Annual Results for the year end 31 December 2015

ESM: DHG AIM: DAL

RNS Number: 7114Q

Dalata Hotel Group plc ("Dalata" or "the Group"), the largest hotel operator in Ireland announces its full year results for the year ended 31 December 2015.

Financial Highlights

- Group revenue increased by 185% to €225.7 million generating a profit before tax of €28.5 million
- Adjusted EBITDA (excluding acquisition costs, impairment charges and non-recurring income) increased 7 times to €62.6 million
- Net revaluation gains on property amounted to €44.9 million
- Raised €202.2 million (after costs) in equity and €282 million in debt to fund acquisitions

Strategic and Operating Highlights

- Group RevPAR increased by 21.4% driven primarily by an uplift in average room rate of 13.9%
- Invested €558.8 million in the acquisition of 15 hotels throughout Ireland and the UK
  - €452.3 million on nine Moran Bewley hotels in February 2015
  - €106.5 million on six hotels in Ireland and Northern Ireland
- Strong performance amongst the original leased hotel portfolio
- Increase in total rooms, at owned and leased hotels, to 5,484 at 31 December 2015
- Integrated 15 new hotels into the Group ahead of planned timelines
- Successfully launched the Clayton brand across 13 properties in Ireland and the UK
- Invested €24.9 million in development and refurbishment projects during 2015

Post Year End Highlights

- Completed the purchase of the Tara Towers Hotel in Dublin for €13.2 million
- Exchanged contracts to purchase Clarion Hotel Sligo for €13.1 million
- Purchased a site in the centre of Dublin for €11.9 million to build a new 181 room Clayton hotel
- Exchanged contracts to purchase the leasehold interests of the Gibson Hotel Dublin, Clarion Hotel Cork, Clarion Hotel Limerick and Croydon Park Hotel London for €40 million

Outlook

- Prospects for Dublin and regional Ireland cities remain very strong
- Trading in the first two months of 2016 has been stronger than expected in Ireland and in line with expectations in the UK
- Sterling weakness may have a negative impact on 'euro translated' earnings from the Group's UK hotels
- Pipeline for new opportunities remains very strong and expect to fully invest remaining €130m in 2016

Results Summary

€'000	2015	2014	Variance
Revenue	225,673	79,073	146,600
Adjusted EBITDA *	62,626	8,918	53,708
Total acquisition costs, impairment charges and non-recurring income	(15,630)	(2,821)	(12,809)
EBITDA	46,996	6,097	40,899
Profit before tax	28,457	4,196	24,261
KPIs			
Occupancy (%)	80.2%	75.3%	4.9%
Average Room Rate (€)	87.0	76.4	13.9%
RevPAR (€)	69.8	57.5	21.4%

** Adjusted EBITDA excludes acquisition related costs, net impairment charges on owned and investment property and goodwill and the net impact of Ballsbridge site sale*

Pat McCann, CEO said:

"2015 has been a remarkable year for Dalata. The results for 2015 highlight the momentous change that the Group has undergone as a result of the acquisition of 15 hotels. We now have a strong operating platform and management capacity from which we will continue to grow and create value for our stakeholders.

As a Group, we have accomplished many achievements in the last 12 months. We successfully integrated the 15 acquired hotels into the group. These properties have performed above our expectations which is a testament to the effectiveness of our integration process. There remains significant opportunity to improve further the performance of these acquired hotels as the impact of our decentralised management approach is felt.

We also completed the roll out of the Clayton brand across 13 hotels located in Ireland and the United Kingdom. Our Pearse Street and Newlands Cross properties have been rebranded as Maldron hotels.

We continue to benefit from the uplift in the Irish hotel sector and the increased consumer confidence in the domestic economy. All our Irish hotels have performed strongly and we are particularly happy in the way the increased revenue has been converted strongly to the bottom line. We are also pleased with the performance of our UK hotels. The provincial UK hotels performed very strongly in line with the markets in which they operate. We do note the slowdown in the London market and the impact on our two London properties. However, the construction works at our Clayton Chiswick hotel are close to completion and we expect that property to make a significant contribution for the remainder of 2016.

Since year end we announced further acquisitions of the Tara Towers Hotel in Dublin, a prime site in the centre of Dublin for the construction of a new Clayton hotel which is expected to be completed in the first half of 2018 and exchanged contracts to purchase the Clarion Hotel in Sligo. We have also exchanged contracts to buy the leasehold interests of four hotels from Choice Ireland for €40 million. We have now committed €113 million of the funds we raised in October last year. We have €130 million remaining for further acquisitions and are very comfortable with the pipeline of opportunities.

I believe 2016 will be another busy and exciting year for all at Dalata. Subject to receiving approval from the Competition & Consumer Protection Commission (CCPC), we will focus on the integration of the hotels that we have acquired since the end of the year. We will also continue to maximize the returns from our

acquired portfolio of hotels. We will continue to pursue potential opportunities to grow the Maldron and Clayton brand and develop the hotels we have already acquired."

ENDS

Conference Call Details | Analysts & Institutional Investors

Management will host a conference call for analysts and institutional investors at 08.30 BST (04.30 EDT), today 2 March 2016. Those wishing to dial-in should contact FTI Consulting on the contact details below.

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Note on forward-looking information

This Announcement contains forward-looking statements, which are subject to risks and uncertainties because they relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company or the industry in which it operates, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements referred to in this paragraph speak only as at the date of this Announcement. The Company will not undertake any obligation to release publicly any revision or updates to these forward-looking statements to reflect future events, circumstances, unanticipated events, new information or otherwise except as required by law or by any appropriate regulatory authority.

Results Statement

Overview

2015 was another very successful year for the Group. A total of €558.8 million was spent on acquiring 15 hotels in Ireland and the UK. The Group raised €202.2 million (after costs) in equity and €282 million in debt to fund the on-going acquisition strategy. The newly acquired portfolio has already begun to generate returns with the Group achieving an Adjusted EBITDA of €62.6 million.

In 2015 €452.3 million was spent acquiring the nine Moran Bewley hotels in February 2015. A further €106.5 million was spent acquiring six hotels in Ireland and Northern Ireland. The Group also invested €24.9 million in development and refurbishment projects at previously acquired hotels. As a result of the acquisitions and development projects the total number of rooms, at owned and leased hotels, has increased to 5,484 at 31 December 2015.

Since year end, the Group completed the acquisition of Tara Towers Hotel in Dublin, a prime site in the centre of Dublin for the construction of a new hotel and exchanged contracts to purchase the Clarion Sligo Hotel. The Group have also contracted to buy out the leasehold interests of the Clarion Hotel Cork, the Gibson Hotel in Dublin, the Clarion Hotel Limerick and the Croydon Park Hotel in London.

Operational Review

KPIs	2015	2014	Variance
Occupancy (%)	80.2%	75.3%	4.9%
Average Room Rate (€)	87.0	76.4	13.9%
RevPAR (€)	69.8	57.5	21.4%

RevPAR increased 21.4% which was driven primarily by an uplift in average room rate of 13.9%. In particular RevPAR at the Dublin hotels increased substantially as Dalata continue to benefit from the strong recovery in the Irish hotel market.

The Group has now fully integrated the 15 hotels acquired in 2015 into the Group ahead of planned timelines and successfully rolled out the Clayton brand across 13 properties in Ireland and the UK.

Financial Review

€'000	2015	2014	Variance
Revenue	225,673	79,073	146,600
Adjusted EBITDA	62,626	8,918	53,708
Adjusting items to EBITDA	(15,630)	(2,821)	(12,809)
EBITDA	46,996	6,097	40,899
EBIT	36,957	4,978	31,979
Foreign Exchange Gain	1,863	294	1,569
Net Interest Cost	(10,363)	(1,076)	(9,287)
Profit Before Tax	28,457	4,196	24,261

The significant increase in revenue and EBITDA between 2014 and 2015 reflects the transformation of the Group due to the new properties acquired since August 2014.

Adjusting items to EBITDA €'000	**2015**	**2014**
Net impact of Ballsbridge site sale	1,947	-
Net impairment charges	(1,775)	-
Integration costs relating to acquired hotels	(1,940)	-
Professional fees incurred on acquisition of hotels	(2,764)	(2,273)
Stamp Duty incurred on acquisition of hotels	(11,098)	(548)
	(15,630)	(2,821)

Excluding the adjusting items outlined in the table above, the Group achieved an Adjusted EBITDA of €62.6 million for 2015. The increase of €53.7 million is driven by a number of factors:

- €9.3 million due to strong revenue growth and profit conversion in the original leased hotel portfolio
- €49.3 million due to the additions of new hotels since August 2014
- The increases to revenue were offset by an increase in rent in some of the leased hotels, the planned increase in central overheads necessitated by the enlarged scale of the Group and a reduction in fees generated from managed properties

Pre IPO Portfolio

€'000	**2015**	**2014**	**Variance**
Revenue	88,610	72,128	16,482
EBITDAR	35,230	23,857	11,373
Rent	(18,320)	(16,221)	(2,099)
Adjusted EBITDA	16,910	7,636	9,274

The results above include the 13 owned or leased hotels at the time of the IPO in March 2014.

RevPAR in the Dublin hotels was up 32.6% compared to the market as a whole which was up 23.4%. The growth is somewhat exaggerated by the fact that the Ballsbridge and Clyde Court hotels were undergoing significant fire safety works in the first half of 2014. Excluding these two hotels, the RevPAR growth was 25.5% in Dublin. RevPAR in the regional Irish properties was up 17.9%, outperforming the market in each of the regional cities within which the Group operates. Our hotel in Cardiff benefitted greatly from an exceptional number of events in the city and especially Rugby World Cup. RevPAR increased by 14.7% which was in line with the market overall in Cardiff.

Food & Beverage sales increased by 7.2% in the Irish properties primarily due to an increase in occupancy.

EBITDAR margin improved from 33.1% to 39.8% demonstrating a strong ability to convert additional sales to the bottom line.

Rent increased substantially by 12.9% to €18.3 million. The profit share element of the two Ballsbridge Hotel leases and the rent for Maldron Dublin Airport being linked to turnover accounted for €3.1 million of the increase. This was offset by rent savings achieved due to the purchase of the freehold interests in Maldron Parnell Square (September 2014) and Maldron Wexford (April 2015).

Impact of Moran Bewley since Acquisition

€'000	Feb 3rd – Dec 31st 2015
Revenue	100,743
EBITDAR	41,802
Rent	(847)
Adjusted EBITDA	40,955

The former Moran Bewley hotels performed very well since their acquisition in February 2015.

RevPAR at the five Irish hotels increased by 21% on a 'like for like' basis in 2015. This is a direct result of the continued strong recovery in the Irish hotel market. RevPAR at the four UK hotels increased in line with expectations by 3.1%. Both Leeds and Manchester exhibited strong performance, however the two London hotels were impacted by a more challenging trading environment. In addition, performance at Chiswick was hampered by the construction of a significant extension to the hotel.

Food & Beverage sales decreased by 1% in Ireland and 1.9% in the UK due to the change in the mix of room sales. This change is in line with our revenue management strategy that is designed to increase overall profitability at the hotel.

The Irish hotels showed an uplift of 27% in other sales due to focused efforts to maximise revenue from carparks and meeting rooms.

The former Moran Bewley hotels delivered an EBITDAR margin of 41.5%. These hotels can achieve higher margins due to their size and location in larger cities with greater average room rates.

Impact of Single Hotel Acquisitions

€'000	2015	2014	Variance
Revenue	32,793	1,498	31,295
EBITDAR/Adjusted EBITDA	8,666	333	8,333

The hotels in this portfolio were purchased in the period from August 2014 to March 2015 and include Maldron Pearse Street (August 2014), Maldron Derry (October 2014), Clayton Galway (January 2015), Clayton Whites, Wexford (February 2015), Maldron Sandy Road, Galway (February 2015), and Clayton Belfast (March 2015). Clarion Cork Hotel is not included as this was operated as an investment property generating rental income in 2015. Maldron Parnell Square (September 2014) and Maldron Wexford (April 2015) are also not included as we previously operated these hotels under operating leases and they are included within the Pre IPO portfolios.

On a full year 'like for like' basis RevPAR in the Irish and Northern Ireland hotels increased by 23.8% and 6.2% respectively. In particular Maldron Pearse Street had an exceptionally strong year despite the ongoing refurbishment works.

Food & Beverage sales increased by 3.6% in the Irish hotels but declined by 2.2% in the Northern Ireland hotels, primarily due to a fall in food sales at Maldron Derry. The performance of the Derry and Belfast hotels were impacted due to movements in the rate of sterling which meant these hotels became substantially more expensive for visitors from the Republic of Ireland.

These hotels achieved an EBITDAR margin of 26.4%. This is lower than the Pre IPO and the Moran Bewley portfolios due to the relatively higher mix of food and beverage sales and the lower average room rates which apply in regional locations. However this margin is in line with our projections for these hotels.

Management Services

€'000	2015	2014	Variance
Revenue & EBITDA	3,555	5,447	(1,892)

Overheads are not allocated separately to our Managed Services segment. As anticipated, the number of management contracts decreased in 2015 as banks and receivers continue to sell hotels. This trend has continued into 2016 as our management contracts at Hotel Ballina and Dundrum House have been terminated.

Central Overhead

€'000	2015	2014	Variance
Total Central Overhead	23,870	7,319	16,551
Integration costs relating to acquired hotels	(1,940)	-	(1,940)
Professional fees incurred on acquisition of hotels	(2,764)	(2,273)	(491)
Stamp Duty incurred on acquisition of hotels	(11,098)	(548)	(10,550)
Adjusted Central Overheads	8,068	4,498	3,570

As the size of the portfolio has grown, the Group continued to invest in additional resources at central office with senior employees recruited throughout 2014 and 2015. This investment ensures Dalata will continue to meet the growing needs of a significantly enlarged owned and leased business. The central marketing budget doubled to €1 million to support the rollout of the Clayton brand.

Other Income

The Group received an incentive fee relating to the sale by the landlord of the Ballsbridge and Clyde Court hotels of €2.1 million. Rental income of €0.6 million arose from investment properties acquired in 2014 and 2015. The most significant of these was the Clarion Hotel Cork (€0.4 million).

Finance Income & Costs

The Group made a significant once-off exchange gain of €1.8 million on sterling deposits which were retained for the purchase of the Clayton Hotel Belfast at the beginning of 2015. An interest expense of €10.4 million was incurred on the loan facility of €282 million raised to part fund the acquisition of the Moran Bewley Hotel Group.

Impact and Funding of Acquisitions

€523.7 million was invested in acquiring 14 hotel properties in the first six months of 2015. These transactions were funded through a combination of debt and equity. The Group raised €282 million in debt and €48.6 million (after costs) in equity to part fund the purchase of the Moran Bewley Group. A further €153.6 million (after costs) in equity was raised in October 2015 to fund further acquisitions and development. The freehold interest of the Clarion Hotel, Cork was subsequently acquired in November 2015 for €35.1 million.

Since year end the Group have completed the acquisition of the Tara Towers Hotel for €13.2 million, exchanged contracts to acquire the Clarion Hotel Sligo for €13.1 million and purchased a site in Dublin for €11.9 million which will be developed into a new Clayton hotel. The Group have also entered into a contract to purchase the leasehold interest of The Gibson Hotel Dublin, Clarion Hotel Cork, Clarion Hotel Limerick and the Croydon Park Hotel London for €40 million. This acquisition is subject to the approval of the Competition and Consumer Protection Commission (CCPC).

Debt

The gross bank debt amounted to €269.5 million as at 31 December 2015. The Group drew down €282 million in debt in February 2015. €176 million was drawn down in sterling to act as a natural hedge against the impact of fluctuations in the sterling exchange rate on the euro value of UK assets.

Ordinary Share Capital

At the end of 2015 there were 182.97 million shares in issue. The Group issued 12.2 million shares at a price of €2.75 to the shareholders of the Moran Bewley Hotel Group on 3 February 2015, to partly fund the acquisition of the nine hotels within that group. Those shares were subsequently sold by the shareholders. A further 6.1 million shares were placed at a price of €2.75 on the same date which raised an additional €48.6 million, after the deduction of associated costs. On 5 October 2015 the Group also issued 42.7 million shares at €3.75 which raised €153.6 million after costs.

Fixed Assets and Goodwill

At the end of 2015 the carrying value of property, plant and equipment and goodwill was €608.8 million and €46.8 million respectively. €558.8 million was invested in acquiring hotels in 2015. This is in addition to the €35 million spent during 2014. A net gain of €44.9 million arose on revaluation of our owned properties at the end of 2015.

A further €17.9 million was spent on development projects in the Clayton Hotel Chiswick and the Maldron Pearse Street. €7 million was also invested in the rolling property refurbishment programme where the Group is committed to continually renewing its product offering.

Outlook

2016 will continue to be a busy and exciting year for Dalata. The Group will continue to pursue opportunities that meet its strategic and investment criteria to complete its acquisition programme in Ireland. The Group will also continue to look to grow the Maldron and Clayton brands in the UK and is already exploring opportunities to lease new hotels located in the UK.

The Group will focus on maximising the returns for the acquired portfolio of hotels by:

- Continuing to implement the decentralised revenue management approach across all properties
- Developing enhanced processes through the use of new technology to achieve better cost control
- Exploiting the economies of scale from the enlarged portfolio
- Continuing to invest in our employees through training and development

The Group also commenced a rolling programme of bedroom refurbishment in 2015 which will intensify in 2016. It is also in discussion with various planning authorities about extensions to the Clayton hotels in Ballsbridge and Dublin Airport and the Maldron Hotel in Sandy Road, Galway.

Trading in the first two months of 2016 has been stronger than expected in Ireland and in line with expectations in the UK. Sterling weakness may have a negative impact on 'euro translated' earnings from the Group's UK hotels.

Dalata Hotel Group plc

Condensed consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2015

	Note	2015 €'000	2014 €'000
Continuing operations			
Revenue	3	**225,673**	79,073
Cost of sales		**(86,907)**	(29,379)
Gross profit		**138,766**	49,694
Administrative expenses, including acquisition-related costs of €15.802 million (2014: €2.821 million)	4	**(104,554)**	(44,716)
Other income	5	**2,745**	-
Operating profit		**36,957**	4,978
Finance income	6	**1,863**	409
Finance costs	7	**(10,363)**	(1,191)
Profit before tax		**28,457**	4,196
Tax charge	9	**(6,831)**	(673)
Profit for the year attributable to owners of the Company		**21,626**	3,523
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property	12	**46,567**	8,390
Related deferred tax		**(6,398)**	(1,049)
		40,169	7,341
Items that are or may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		**5,169**	88
Loss on net investment hedge		**(4,329)**	-
Fair value movement on cashflow hedges		**(1,670)**	-
Cashflow hedges – reclassified to profit or loss		**655**	-
Related deferred tax		**127**	-
		(48)	88
Other comprehensive income, net of tax		**40,121**	7,429
Total comprehensive income for the year attributable to owners of the Company		**61,747**	10,952
Earnings per share			
Basic earnings per share	23	**€0.1455**	€0.0365
Diluted earnings per share	23	**€0.1447**	€0.0364

Dalata Hotel Group plc
Condensed consolidated statement of financial position
At 31 December 2015

	Note	**2015**	2014
Assets		**€'000**	€'000
Non-current assets			
Goodwill	*11*	**46,803**	7,066
Property, plant and equipment	*12*	**608,792**	52,294
Investment property	*13*	**37,285**	1,248
Deferred tax assets	*20*	**3,936**	319
Trade and other receivables	*15*	**2,216**	5,249
Derivatives	*14*	**26**	-
Total non-current assets		**699,058**	66,176
Current assets			
Trade and other receivables	*15*	**11,774**	9,544
Inventories		**1,349**	593
Cash and cash equivalents		**149,155**	217,807
Total current assets		**162,278**	227,944
Total assets		**861,336**	294,120
Equity			
Share capital	*16*	**1,830**	1,220
Share premium	*16*	**503,113**	295,133
Capital contribution		**25,724**	25,724
Merger reserve		**(10,337)**	(10,337)
Share-based payment reserve		**912**	273
Hedging reserve		**(888)**	-
Revaluation reserve		**47,510**	7,341
Translation reserve		**880**	40
Retained earnings		**(31,448)**	(46,681)
Total equity		**537,296**	272,713
Liabilities			
Non-current liabilities			
Loans and borrowings	*19*	**250,168**	-
Deferred tax liabilities	*20*	**15,859**	960
Derivatives	*14*	**885**	-
Total non-current liabilities		**266,912**	960
Current liabilities			
Loans and borrowings	*19*	**15,970**	-
Trade and other payables	*17*	**40,180**	20,345
Current tax liabilities		**978**	102
Total current liabilities		**57,128**	20,447
Total liabilities		**324,040**	21,407
Total equity and liabilities		**861,336**	294,120

Dalata Hotel Group plc
Condensed consolidated statement of changes in equity
for the year ended 31 December 2015

	Attributable to owners of the Company									
	Share capital €'000	**Share premium €'000**	**Capital contribution €'000**	**Merger reserve €'000**	**Share-based payment reserve €'000**	**Hedging reserve €'000**	**Translation reserve €'000**	**Revaluation reserve €'000**	**Retained earnings €'000**	**Total €'000**
At 1 January 2015	1,220	295,133	25,724	(10,337)	273	-	40	7,341	(46,681)	**272,713**
Comprehensive income:										
Profit for the year	-	-	-	-	-	-	-	-	21,626	**21,626**
Other comprehensive income										
Exchange difference on translating foreign operations	-	-	-	-	-	-	5,169	-	-	**5,169**
Loss on net investment hedge	-	-	-	-	-	-	(4,329)	-	-	**(4,329)**
Revaluation of property	-	-	-	-	-	-	-	46,567	-	**46,567**
Fair value movement on cashflow hedges	-	-	-	-	-	(1,670)	-	-	-	**(1,670)**
Cashflow hedges – reclassified to profit or loss	-	-	-	-	-	655	-	-	-	**655**
Related deferred tax	-	-	-	-	-	127	-	(6,398)	-	**(6,271)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(888)**	**840**	**40,169**	**21,626**	**61,747**
Transactions with owners of the Company:										
Issue of shares (Note 16)	610	209,716	-	-	-	-	-	-	-	**210,326**
Share issue costs (Note 16)	-	(1,736)	-	-	-	-	-	-	(6,393)	**(8,129)**
Equity-settled share-based payments	-	-	-	-	639	-	-	-	-	**639**
Total transactions with owners of the Company	**610**	**207,980**	**-**	**-**	**639**	**-**	**-**	**-**	**(6,393)**	**202,836**
At 31 December 2015	**1,830**	**503,113**	**25,724**	**(10,337)**	**912**	**(888)**	**880**	**47,510**	**(31,448)**	**537,296**

Dalata Hotel Group plc

Condensed consolidated statement of changes in equity

for the year ended 31 December 2014

	Attributable to owners of the Company									
	Share capital €'000	Share premium €'000	Capital contribution €'000	Merger reserve €'000	Share-based payment reserve €'000	Reverse acquisition reserve €'000	Translation reserve €'000	Revaluation reserve €'000	Retained earnings €'000	Total €'000
At 1 January 2014	-	-	-	-	-	**4**	**(48)**	-	**(50,204)**	**(50,248)**
Comprehensive income:										
Profit for the year	-	-	-	-	-	-	-	-	3,523	**3,523**
Other comprehensive income										
Exchange difference on translating foreign operations	-	-	-	-	-	-	88	-	-	**88**
Revaluation of property	-	-	-	-	-	-	-	8,390	-	**8,390**
Related deferred tax	-	-	-	-	-	-	-	(1,049)	-	**(1,049)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**88**	**7,341**	**3,523**	**10,952**
Transactions with owners of the Company:										
Issue of shares prior to reorganisation	40	-	-	-	-	-	-	-	-	**40**
Reorganisation – share exchange and release of shareholder loan note obligations	-	10,337	25,724	(10,337)	-	(4)	-	-	-	**25,720**
Issue of shares in public listing, net of issue costs	1,060	254,916	-	-	-	-	-	-	-	**255,976**
Issue of shares on conversion of shareholder loan	120	29,880	-	-	-	-	-	-	-	**30,000**
notes			-	-	-	-	-			
Equity-settled share-based payments	-	-	-	-	273	-	-	-	-	**273**
Total transactions with owners of the Company	**1,220**	**295,133**	**25,724**	**(10,337)**	**273**	**(4)**	**-**	**-**	**-**	**312,009**
At 31 December 2014	**1,220**	**295,133**	**25,724**	**(10,337)**	**273**	**-**	**40**	**7,341**	**(46,681)**	**272,713**

Dalata Hotel Group plc
Condensed consolidated statement of cash flows
for the year ended 31 December 2015

	2015 €'000	2014 €'000
Cash flows from operating activities		
Profit for the year	**21,626**	3,523
Adjustments for:		
Depreciation of property, plant and equipment	**10,039**	991
Amortisation of intangible assets	**-**	128
Impairment of goodwill	**199**	-
Impairment of property, plant and equipment	**1,131**	-
Decrease in fair value of investment property	**445**	-
Share-based payments expense	**639**	273
Finance costs	**10,363**	1,191
Finance income	**(1,863)**	(409)
Tax charge	**6,831**	673
	49,410	6,370
Increase in trade and other payables	**6,683**	9,159
Decrease/ (increase) in trade and other receivables	**1,568**	(3,732)
Increase in inventories	**(317)**	(58)
Tax paid	**(2,941)**	(821)
Net cash from operating activities	**54,403**	10,918
Cash flows from investing activities		
Acquisitions of undertakings through business combinations	**(479,087)**	(20,063)
Purchase of property, plant and equipment	**(28,551)**	(21,105)
Purchase of investment property	**(35,897)**	-
Deposits paid on acquisitions	**(1,316)**	(4,116)
Interest received	**6**	115
Net cash used in investing activities	**(544,845)**	(45,169)
Cash flows from financing activities		
Interest and finance costs paid on bank loans	**(13,753)**	(152)
Receipt of bank loans	**283,090**	-
Repayment of bank loans	**(17,890)**	(9,000)
Repayment of shareholder loan notes	**-**	(40)
Proceeds from issue of share capital, net of expenses	**168,700**	256,016
Payment for derivative asset	**(156)**	-
Net cash from financing activities	**419,991**	246,824
Net (decrease)/increase in cash and cash equivalents	**(70,451)**	212,573
Cash and cash equivalents at the beginning of the year	**217,807**	4,940
Effect of movements in exchange rates	**1,799**	294
Cash and cash equivalents at the end of the year	**149,155**	217,807

Dalata Hotel Group plc
Notes to the condensed consolidated financial statements

1 General information and basis of preparation

Dalata Hotel Group plc ('the Company') is a company domiciled in the Republic of Ireland. The Company's registered office is 4th Floor, Burton Court, Burton Hall Drive, Sandyford, Dublin 18.

The financial information presented here in these condensed consolidated financial statements does not comprise full statutory financial statements for 2015 or 2014 and therefore does not include all of the information required for full annual financial statements. The condensed consolidated financial statements of the Group for the year ended 31 December 2015 comprise the Company and its subsidiary undertakings and were authorised for issue by the Board of Directors on 1 March 2016. Full statutory financial statements for the year ended 31 December 2015, prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU, together with an unqualified audit report thereon under Section 391 of the Companies Act 2014, will be annexed to the annual return and filed with the Registrar of Companies. The full statutory financial statements for 2014 have already been filed with the Registrar of Companies with an unqualified audit report thereon.

These condensed consolidated financial statements are presented in Euro, rounded to the nearest thousand, which is the functional currency of the parent company and also the presentation currency for the Group's financial reporting.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results could differ materially from these estimates.

Key judgements and estimates impacting these condensed consolidated financial statements are:

- Accounting for acquisitions, including allocation of consideration to assets and liabilities acquired (Note 10)
- Carrying value and depreciation of own-use property measured at fair value (Note 12)
- Carrying value of investment property measured at fair value (Note 13)
- Carrying value of goodwill (Note 11)
- Trade receivables impairment provisions (Note 18) and accrued income (Note 15)

2 Significant accounting policies

The accounting policies applied in these financial statements are consistent with those applied in the consolidated financial statements as at 31 December 2014, except for the application for the first time of accounting policies for derivative financial instruments, cash flow hedge accounting and net investment hedges as described below.

Derivative financial instruments

The Group's borrowings expose it to the financial risks of changes in interest rates. The Group uses derivative financial instruments such as interest rate swap agreements and interest rate cap agreements to hedge these exposures. The Group does not use derivatives for trading or speculative purposes.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The full fair value of a hedging derivative is classified as a non-current asset or non-current liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or current liability if the remaining maturity of the hedged item is less than twelve months.

The fair value of derivative instruments is determined by using valuation techniques. The Group uses its judgement to select the most appropriate valuation methods and makes assumptions that are mainly based on observable market conditions (Level 2 fair values) existing at the reporting date.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedge accounting

For those derivatives designated as cash flow hedges and for which hedge accounting is desired, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and its risk management objectives and strategy for undertaking the hedging transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated in equity in the hedging reserve. Any ineffective portion is recognised immediately in profit or loss as finance income/costs.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting or the designation is revoked. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. However, if a hedged transaction is no longer anticipated to occur, the net cumulative gain or loss accumulated in equity is reclassified to profit or loss.

Net investment hedges

Where relevant, the Group uses a net investment hedge, whereby the foreign currency exposure arising from a net investment in a foreign operation is hedged using borrowings held by the parent company that are denominated in the functional currency of the foreign operation.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in other comprehensive income in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is reclassified to profit or loss.

3 Operating segments

The segments are reported in accordance with IFRS 8 *Operating Segments*. The segment information is reported in the same way as it is reviewed and analysed internally by the chief operating decision makers, primarily the CEO, and Board of Directors.

In 2015 the Group has grown rapidly in size through acquisition and become more focused on maximising the returns from its portfolio of leased and owned hotels. As a result earnings from management agreements represent a significantly lower proportion of the Group's overall result. The segmental analysis has been amended in the 2015 financial statements to reflect this and is no longer segmented on the basis of results from 'Leased and owned' hotels and 'Managed' hotels.

The group now segments its leased and owned business by geographical region within which the hotels operate – Dublin, Ireland Regional and United Kingdom. These, together with Managed hotels, comprise the Group's four reportable segments. Prior year comparatives have been restated to reflect this change.

Dublin, Ireland Regional and United Kingdom segments:

These segments are concerned with hotels that are either owned or leased by the group. The Group leases hotel buildings from property owners and is entitled to the benefits and carries the risks associated with operating these hotels. As at 31 December 2015, the Group also owns 16 hotels and has effective ownership of one further hotel which it operates. It also owns part of one of the other hotels which it operates.

The Group also owns the newly acquired Clarion Cork but as of 31 December 2015 it did not operate the hotel and it is classified as an investment property. On 28 January 2016, the Group announced that it would acquire the leasehold interest of the Clarion Cork hotel as part of a wider acquisition (see note 22) and become the operator of that hotel. Consequently, this will be accounted for as property, plant and equipment in the 2016 financial statements.

The Group drives revenue from leased and owned hotels primarily from room sales and food and beverage sales in restaurants, bars and banqueting. The main costs arising are payroll, cost of goods for resale, other operating costs and, in the case of leased hotels rent paid to lessors.

Managed Hotels:

Under management agreements, the Group provides management services for third party hotel proprietors.

Revenue	**2015**	2014
	€'000	€'000
Dublin	**120,759**	51,862
Ireland Regional	**42,989**	15,491
United Kingdom	**58,370**	6,273
Managed Hotels	**3,555**	5,447
Total revenue	**225,673**	79,073

Revenue for each of the geographical locations represents the operating revenue (room revenue, food and beverage revenue and other hotel revenue) from leased and owned hotels situated in (i) Dublin, (ii) the rest of the Republic of Ireland and (iii) the United Kingdom.

Revenue from managed hotels represents the fees and other income earned from services provided in relation to partner hotels which are not owned or leased by the Group.

	2015	2014
	€'000	€'000
Segmental results - EBITDAR		
Dublin	**53,754**	18,602
Ireland Regional	**9,695**	3,364
United Kingdom	**22,249**	2,224
Managed Hotels	**3,555**	5,447
EBITDAR for reportable segments	**89,253**	29,637
Segmental results - EBITDA		
Dublin	**39,262**	6,299
Ireland Regional	**7,734**	1,278
United Kingdom	**19,535**	392
Managed Hotels	**3,555**	5,447
EBITDA for reportable segments	**70,086**	13,416
Reconciliation to results for the year		
Segments EBITDA	**70,086**	13,416
Rental income	**608**	-
Central costs	**(8,068)**	(4,498)
Adjusted EBITDA	**62,626**	8,918
Net impact of Ballsbridge site sale	**1,947**	-
Acquisition-related costs	**(15,802)**	(2,821)
Net impairment charge	**(1,775)**	-
Group EBITDA	**46,996**	6,097
Depreciation of property, plant and equipment	**(10,039)**	(991)
Amortisation of intangible assets	**-**	(128)
Finance income	**1,863**	409
Finance costs	**(10,363)**	(1,191)
Profit before tax	**28,457**	4,196
Tax	**(6,831)**	(673)
Profit for the year	**21,626**	3,523

Group EBITDA represents earnings before interest, tax, depreciation and amortisation.

Adjusted EBITDA represents Group EBITDA before acquisition related costs (Note 4), net impairment charges on owned and investment property and goodwill and the net impact of the Ballsbridge site sale (see below).

The line item 'Net impact of Ballsbridge site sale' represents a sales incentive fee of €2.1 million (Note 5) receivable by the Group following the sale by the landlord in 2015 of the Ballsbridge Hotel, Clyde Court Hotel and their respective sites, less associated exit costs of €0.2 million.

The line item 'Central costs" includes costs of the Group's central functions including operations support, technology, sales and marketing, human resources, finance, corporate services and business development.

'Segmental results – EBITDA' for Dublin, Ireland Regional and United Kingdom represents the 'Adjusted EBITDA' for each geographical location before central costs and excluding the rental income. It is the net operational contribution of leased and owned hotels in each geographical location.

'Segmental results – EBITDA and EBITDAR' for managed hotels represents fees earned from services provided in relation to partner hotels. All of this activity is managed corporately and specific individual costs are not allocated to this segment.

'Segmental results – EBITDAR' for Dublin, Ireland Regional and United Kingdom represents 'Segmental results – EBITDA' before rent. For leased hotels rent paid to lessors amounted to €19.2 million in 2015 *(2014: €16.2 million)*.

Other geographical information

	2015	2014
	€'000	€'000
Revenue		
Republic of Ireland	**167,075**	72,669
United Kingdom	**58,598**	6,404
	225,673	79,073
Non-current assets (excluding deferred tax and derivatives)		
Republic of Ireland	**433,574**	59,408
United Kingdom	**261,522**	6,449
	695,096	65,857

4 Acquisition-related costs

Acquisition-related costs for the year ended 31 December 2015 include professional fees, stamp duty costs, redundancy and other costs associated with the 2015 business combinations outlined in Note 10 and 2016 business combinations outlined in Note 22. Details of the acquisition-related costs charged to profit or loss in 2015 are outlined below.

	2015
	€'000
Stamp duty incurred on acquisitions	11,098
Professional fees incurred on acquisitions	2,764
Integration costs	1,940
Acquisition-related costs	**15,802**

Integration costs include primarily severance costs and certain other non-recurring costs directly related to business combinations.

Details of the acquisition-related costs charged to profit or loss in 2014 are outlined below.

	2014
	€'000
Stamp duty incurred on acquisitions	548
Professional fees incurred on acquisitions	2,273
Acquisition-related costs	**2,821**

5 Other income

	2015	2014
	€'000	€'000
Rental income from investment property	**608**	-
Impact of Ballsbridge site sale (Note 3)	**2,137**	-
	2,745	-

6 Finance income

	2015	2014
	€'000	€'000
Interest income on bank deposits	**6**	115
Exchange gain on cash and cash equivalents	**1,857**	294
	1,863	409

7 Finance costs

	2015 €'000	2014 €'000
Interest expense on bank loans and borrowings	**9,708**	152
Cashflow hedges – reclassified from other comprehensive income (Note 14)	**655**	-
Interest expense on unsecured shareholder loan notes	**-**	1,039
	10,363	1,191

8 Long-term incentive plan

Equity-settled share-based payment arrangements

During the year ended 31 December 2015, the Remuneration Committee of the Board of Directors approved the conditional grant of ordinary shares pursuant to the terms and conditions of the Group's Long Term Incentive Plan. The award was for eligible service employees across the Group.

In March 2015 607,518 ordinary shares were conditionally awarded to eligible service employees across the Group (49 in total) and vest based on the employees staying in service for 3 years from the grant date (27 March 2015).

In October 2015 86,796 ordinary shares were conditionally awarded to eligible service employees across the Group (15 in total) and vest based on the employees staying in service for 3 years from the grant date (7 October 2015).

The number of awards which will ultimately vest will depend on the Group achieving targets relating to a Total Shareholder Return ("TSR") market condition as measured against a comparator peer group of companies over a 3 year performance period.

In relation to TSR performance, 25% of an award will vest for TSR performance equal to the median TSR return of the comparator peer group of companies over the performance period. 100% of an award shall vest for TSR performance equal to the 75th percentile or greater TSR return of the comparator group. Awards shall vest on a pro-rated basis for TSR performance falling between these thresholds.

The total expected cost of the award made in March 2015 was estimated at €1.1 million of which €0.27 million has been charged against profit for the year ended 31 December 2015. The remaining €0.8 million will be charged to profit or loss in equal instalments over the remainder of the three year vesting period.

The total expected cost of the award made in October 2015 was estimated at €0.2 million of which €0.02 million has been charged against profit for the year ended 31 December 2015. The remaining €0.18 million will be charged to profit or loss in equal instalments over the remainder of the three year vesting period.

The total expected cost in relation to the award made in 2014 was estimated at €1.0 million of which €0.35 million has been charged against profit for the year ended 31 December 2015 and €0.3 million was charged against profit for the year ended 31 December 2014. The remaining €0.3 million will be charged to profit or loss in equal instalments over the remainder of the three year vesting period.

	Number of share awards granted	
	2015	2014
Outstanding share awards granted at beginning of period	**754,154**	-
Share awards granted during the period	**694,314**	754,154
Outstanding share awards granted at end of period	**1,448,468**	754,154

9 Tax charge

	2015	2014
	€'000	€'000
Current tax		
Irish corporation tax	**3,015**	888
UK corporation tax	**824**	16
(Over)/under provision in respect of prior periods	**(70)**	7
	3,769	911
Deferred tax charge/(credit) (note 20)	**3,062**	(238)
	6,831	673

The tax assessed for the year is higher than the standard rate of income tax in Ireland for the year. The differences are explained below:

	2015	2014
	€'000	€'000
Profit before tax	**28,457**	4,196
Tax on profit at standard Irish income tax rate of 12.5%	**3,557**	525
Effects of:		
Income taxed at a higher rate	**543**	26
Expenses not deductible for tax purposes	**1,985**	448
Recognition of prior year deferred tax asset	**-**	(330)
Income tax withheld	**-**	4
Overseas income taxed at higher rate	**753**	7
Losses utilised at higher rate	**(432)**	(14)
Under/(over) provision in respect of prior periods	**(70)**	7
Other differences	**495**	-
	6,831	673

10 Business combinations

Acquisition of Moran Bewley Hotel Group

On 3 February 2015, the Group completed the acquisition of nine hotels from the Moran Bewley Hotel Group for a consideration of €452.3 million. The transaction significantly increased the scale and geographical reach of the Group. The nine hotels acquired were as follows:

- Bewley's Hotel Ballsbridge, Dublin now trading as Clayton Hotel Ballsbridge
- Bewley's Hotel Dublin Airport now trading as Clayton Hotel Dublin Airport
- Bewley's Hotel, Leopardstown, Dublin now trading as Clayton Hotel Leopardstown
- Bewley's Hotel, Newlands Cross, Dublin now trading as Maldron Hotel Newlands Cross
- Silver Springs Moran Hotel, Cork now trading as Clayton Hotel Silver Springs
- Bewley's Hotel Manchester Airport now trading as Clayton Hotel Manchester Airport
- Bewley's Hotel Leeds now trading as Clayton Hotel Leeds
- Crown Moran Hotel, London now trading as Clayton Crown Hotel
- Chiswick Moran Hotel London now trading as Clayton Hotel Chiswick

	3 February 2015 Fair Value €'m
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Non-current assets	
Hotel property (land & buildings)	419.1
Fixtures, fittings & equipment	6.0
Motor vehicles	0.1
Deferred tax assets	5.6
Current assets	
Inventories	0.4
Trade and other receivables	0.5
Cash	3.2
Current liabilities	
Trade and other payables	(7.2)
Non-current liabilities	
Deferred tax liabilities	(7.6)
Total identifiable assets	**420.1**
Goodwill	32.2
Total consideration	**452.3**
Satisfied by:	
Cash	418.7
Issue of 12,200,000 ordinary shares at €2.75 per share	33.6
	452.3

Included in the goodwill figure is €13.5 million which is deemed as attributable to goodwill arising on acquisition of foreign operations. Consequently such goodwill is subsequently retranslated at the closing rate. The retranslation at year end resulted in a foreign currency gain of €0.4m and a corresponding increase to goodwill (see Note 11).

The acquisition method of accounting has been used to consolidate the businesses acquired in the Group's financial statements.

The goodwill is attributable to factors including expected profitability and revenue growth, increased market share, increased geographical presence, the opportunity to develop the Group's brands and the synergies expected to arise within the Group after acquisition.

Acquisition-related costs of €12.4 million *(2014: €1.9 million)* were charged to administrative expenses in profit or loss.

From the acquisition date to 31 December 2015, this acquisition contributed revenue of €100.1 million and profit before tax of €33.4 million (excluding acquisition-related costs) to the consolidated results of the Group. Had the acquisition occurred at 1 January 2015 it would have contributed revenue of €105.4 million and profit before tax and acquisition related costs of €34.3 million to the consolidated results of the Group.

Acquisition of Clayton Hotel, Galway

On 21 January 2015, the Group acquired full ownership of the property and business of Clayton Hotel, Galway for a total cash consideration of €16.6 million. The fair value of the identifiable assets and liabilities acquired was: hotel property (land and buildings) €16 million, fixtures, fittings and equipment €0.4 million and net working capital assets of €0.1 million. Goodwill of €0.1 million arose on this acquisition. From the acquisition date to 31 December 2015, this acquisition contributed revenue of €8.0 million and profit before tax of €1.5 million (excluding acquisition-related costs) to the consolidated results of the Group. Had the acquisition occurred at 1 January 2015 it would have contributed revenue of €8.2 million and profit before tax and acquisition related costs of €1.4 million to the consolidated results of the Group.

Acquisition of Whites Hotel, Wexford

On 13 February 2015, the Group acquired full ownership of the property and business of Whites Hotel, Wexford (now trading as Clayton Whites Wexford) for a total cash consideration of €15 million. The fair value of the identifiable assets and liabilities acquired was: hotel property (land and buildings) €13.3 million, fixtures, fittings and equipment €0.4 million and net working capital liabilities of €0.2 million. Goodwill of €1.5 million arose on this acquisition and is attributable to expected profitability and revenue growth, increased market share, and the synergies expected to arise within the Group after acquisition. From the acquisition date to 31 December 2015, this acquisition contributed revenue of €7.8 million and profit before tax of €1.3 million to the consolidated results of the Group. Had the acquisition occurred at 1 January 2015 it would have contributed revenue of €8.7 million and profit before tax of €1.2 million to the consolidated results of the Group.

Acquisition of Pillo Hotel, Galway

On 13 February 2015, the Group acquired full ownership of the property and business of Pillo Hotel, Galway (now trading as Maldron Hotel Sandy Road, Galway) for a total cash consideration of €10.5 million. The fair value of the identifiable assets and liabilities acquired was: hotel property (land and buildings) €8 million, fixtures, fittings and equipment €0.2 million, investment properties €0.6 million and net working capital liabilities of €0.1 million. Goodwill of €1.8 million arose on this acquisition and is attributable to expected profitability and revenue growth, increased market share, and the synergies expected to arise within the Group after acquisition. From the acquisition date to 31 December 2015, this acquisition contributed revenue of €3.9 million and profit before tax of €0.9 million to the consolidated results of the Group. Had the acquisition occurred at 1 January 2015 it would have contributed revenue of €4.3 million and profit before tax of €0.8 million to the consolidated results of the Group.

Acquisition of Holiday Inn, Belfast

On 24 March 2015, the Group acquired full ownership of the property and business of the Holiday Inn, Belfast (now trading as Clayton Belfast Hotel) for a total cash consideration of €25.7 million (£18.7 million). The fair value of the identifiable assets and liabilities acquired was: hotel property (land and buildings) €20.7 million (£15.0 million), fixtures, fittings and equipment €0.4 million (£0.2 million) and net working capital assets of €0.6 million (£0.5 million). Goodwill of €4.0 million (£3 million) arose on the date of this acquisition and is attributable to expected profitability and revenue growth, increased market share,

the opportunity to develop a brand and the synergies expected to arise within the Group after acquisition. From the acquisition date to 31 December 2015, this acquisition contributed revenue of €5.9 million (£4.3 million) and profit before tax of €1.1 million (£0.8 million) to the consolidated results of the Group. Had the acquisition occurred at 1 January 2015 it would have contributed revenue of €7.3 million (£5.3 million) and profit before tax of €1.2 million (£0.9 million) to the consolidated results of the Group.

Prior year acquisitions

Acquisition of Holiday Inn, Pearse Street, Dublin

On 29 August 2014 the Group acquired full ownership of the property and business of Holiday Inn, Pearse Street, Dublin for a total cash consideration of €14.3 million. The hotel has since been rebranded as a Maldron Hotel. The fair value of the identifiable assets and liabilities acquired was: hotel property (land and buildings) €13.2 million, investment properties €1.2m and net working capital liabilities of €0.1 million. No goodwill arose on this acquisition. From the acquisition date to 31 December 2014, this acquisition contributed revenue of €1 million and profit of € 0.2 million to the consolidated results of the Group. Had the acquisition occurred at 1 January 2014 it would have contributed revenue of €2.6 million and profit of €0.1 million to the 2014 consolidated results of the Group.

Acquisition of Tower Hotel, Derry

On 1 October 2014 the Group acquired full ownership of the property and business of Tower Hotel, Derry for a total cash consideration of €5.8 million. The hotel has since been rebranded as a Maldron Hotel. The fair value of the land and buildings acquired was €5.6 million and working capital was not significant. Goodwill of €0.2 million arose on this acquisition and is attributable to the expected profitability and revenue growth of the acquired business. From the acquisition date to 31 December 2014, this acquisition contributed revenue of €0.5 million to the consolidated financial statements. This acquisition achieved an approximate break-even position in the period from acquisition to 31 December 2014. Had the acquisition occurred at 1 January 2014 it would have contributed revenue of €2.5 million and profit of €0.4 million to the 2014 consolidated results of the Group.

Transaction expenses related to the Pearse Street and Derry acquisitions of €0.55 million were charged to profit or loss in 2014 within acquisition-related costs.

11 Goodwill

	2015	2014
	€'000	€'000
Cost		
At beginning of year	**42,258**	42,059
Additions (see note 10)	**39,557**	199
Effect of movements in exchange rates	**379**	-
At end of year	**82,194**	42,258
Impairment losses		
At beginning of year	**(35,192)**	(35,192)
During the year	**(199)**	-
	(35,391)	(35,192)
Carrying amount		
At end of year	**46,803**	7,066
At beginning of year	**7,066**	6,867

Additions to goodwill of €39.6 million in 2015 relate to the acquisition of the Moran Bewley Hotel Group (€32.2m), Clayton Hotel Galway (€0.1m), Whites Hotel Wexford (€1.5m), Pillo Hotel Galway (€1.8m) and Holiday Inn Belfast (€4.0m) (see Note 10).

In 2007, the Group acquired a number of Irish hotel operations for consideration of €41.5 million. The goodwill arising represented the excess of costs and consideration over the fair value of the identifiable assets less liabilities acquired and amounted to €42.1 million. The goodwill was subsequently impaired in 2009 and the carrying value of this goodwill at the beginning and end of the year amounted to €6.867 million.

12 Property, plant and equipment

	Land and buildings €'000	Fixtures, fittings and equipment €'000	Motor Vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2014				
Cost	2,216	5,595	-	7,811
Acquisitions through business combinations	18,761	10	-	18,771
Other additions	17,578	3,527	-	21,105
Revaluation gain	8,161	-	-	8,161
Effect of movements in exchange rates	(7)	39	-	32
At 31 December 2014	46,709	9,171	-	55,880
At 1 January 2015				
Valuation	46,709	-	-	46,709
Cost	-	9,171	-	9,171
Acquisitions through business combinations	477,081	7,765	110	484,956
Other additions	16,644	14,174	101	30,919
Disposals	-	(232)	(8)	(240)
Revaluation gain	40,713	-	-	40,713
Impairment	(1,195)	-	-	(1,195)
Effect of movements in exchange rates	5,149	92	-	5,241
At 31 December 2015				
Valuation	**585,101**	**-**	**-**	**585,101**
Cost	**-**	**30,970**	**203**	**31,173**
	585,101	**30,970**	**203**	**616,274**
Accumulated depreciation				
At 1 January 2014	-	2,821	-	2,821
Charge for the year	229	762	-	991
Elimination of depreciation on revaluation	(229)	-		(229)
Effect of movements in exchange rates	-	3		3
At 31 December 2014	-	3,586	-	3,586
At 1 January 2015	-	3,586	-	3,586
Charge for the year	5,905	4,090	44	10,039
Elimination of depreciation on disposals	-	(232)	(1)	(233)
Elimination of depreciation on revaluation	(5,854)	-	-	(5,854)
Elimination of depreciation on impairment	(64)	-	-	(64)
Effect of movements in exchange rates	13	(5)	-	8
At 31 December 2015	**-**	**7,439**	**43**	**7,482**
Net book value				
At 31 December 2015	**585,101**	**23,531**	**160**	**608,792**
At 31 December 2014	46,709	5,585	-	52,294

The carrying value of land and buildings revalued at 31 December 2015 is €585.1 million. The value of these assets under the cost model is €531.3 million. In 2015 the unrealised revaluation gains arising of €46.6 million have been reflected through other comprehensive income and in the revaluation reserve in equity, and an impairment charge of €1.2 million (together with a related goodwill impairment charge of €0.2 million - Note 11) have been reflected in administrative expenses through profit or loss.

Included in land and buildings at 31 December 2015 is land at a carrying value of €101.6 million which is not depreciated.

Acquisitions through business combinations in the year ended 31 December 2015 includes the following:

- Moran Bewley Hotel Group of nine hotels (see Note 10)
- Whites Hotel Wexford
- Clayton Hotel Galway
- Pillo Hotel Galway
- Holiday Inn Belfast

Other additions to land and buildings in the year ended 31 December 2015, include extensions to certain properties and the acquisition of the following properties where the Group was already operating a hotel business:

- Maldron Hotel, Wexford
- Ancillary buildings Maldron Hotel, Pearse Street, Dublin
- A suite at Clayton Hotel Cardiff Lane, Dublin

The Group operates the Maldron Hotel Limerick and, since the acquisition of Fonteyn Property Holdings Limited in 2013, holds a secured loan over that property. The loan is not expected to be repaid. Accordingly the Group has the risks and rewards of ownership and accounts for the hotel as an owned property, reflecting the substance of the arrangement. It is expected that the Group will obtain legal title to the property in 2016.

The value of the Group's property at 31 December 2015 reflects open market valuations carried out in December 2015 by independent external valuers having appropriate recognised professional qualifications and recent experience in the location and value of the property being valued. The external valuations performed were in accordance with the Valuation Standards of the Royal Institution of Chartered Surveyors.

Measurement of fair value

The fair value measurement of the Group's own-use property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The principal valuation technique used in the independent external valuations was discounted cash flows. This valuation model considers the present value of net cash flows to be generated from the property over a ten year period (with an assumed terminal value at the end of Year 10) taking into account expected EBITDA and capital expenditure. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of the property and its location.

The significant unobservable inputs are:

- Forecast EBITDA
- Risk adjusted discount rates of 6.9% to 14.5% (Years 1-10)
- Terminal (Year 10) capitalisation rates of 4.9% to 12.5%

The estimated fair value under this valuation model would increase or decrease if:

- EBITDA was higher or lower than expected
- The risk adjusted discount rate and terminal capitalisation rate was lower or higher

Valuations also had regard to relevant recent data on hotel sales activity metrics

13 Investment property

	2015	2014
	€'000	€'000
Cost or valuation		
At beginning of period	**1,248**	-
Acquisitions through business combinations	**585**	1,248
Other additions - cost	**35,098**	-
Capitalised transaction costs	**799**	-
Net loss from fair value adjustments	**(445)**	-
	37,285	1,248

Investment property comprises:

- Two commercial properties which were acquired on 29 August 2014 as part of the Maldron Hotel Pearse Street acquisition. The investment properties are leased to third parties for lease terms of 25 and 30 years, with 15 and 11 years remaining.
- Commercial properties which were acquired on 13 February 2015 as part of the Pillo Hotel Galway acquisition. The investment properties are leased to third parties for lease terms of 20 years, with 16 years remaining and a break clause in three years.
- The freehold interest in the Clarion Hotel Cork which was acquired on 9 October 2015 for a total cash consideration of €35.1m plus direct transaction costs of €0.8m. As at 31 December 2015, this investment property was leased to a third party for a lease term of 35 years, with 24 years remaining. On 28 January 2016, the Group announced that it would acquire the leasehold interest of the Clarion Cork hotel as part of a wider acquisition (see Note 22) and become the operator of that hotel. Consequently, this will be accounted for as property, plant and equipment in the 2016 financial statements.

Changes in fair values are recognised in administrative expenses in profit or loss.

The value of the Group's investment properties at 31 December 2015 reflect an open market valuation carried out in December 2015 by independent external valuers having appropriately recognised professional qualifications and recent experience in the location and category of property being valued. The valuations performed were in accordance with the Valuation Standards of the Royal Institution of Chartered Surveyors.

The fair value measurement of the Group's investment property has been categorised as Level 3 fair value based on the inputs to the valuation technique used.

The valuation technique adopted is the investment method of valuation. This method is based on a review of the current passing rent, open market rent, comparable investment sales and a yield of 6.5%.

The estimated fair value under this valuation model would increase or decrease if:

- Rent was higher or lower than expected
- The yield used as the capitalisation rate was higher or lower

14 Derivatives

During the year, the Group entered into interest rate swaps and a cap agreement with a syndicate of financial institutions in order to manage the interest rate risks arising from the Group's borrowings (see Note 19). Interest rate swaps are employed by the Group to partially convert the Group's borrowings from floating to fixed interest rates.

An interest rate cap is employed to limit the exposure to upward movements in floating interest rates.

The terms of the derivatives are as follows:

- Interest rate swaps with a maturity date of 3 February 2020, covering approximately 77% of the Group's sterling denominated borrowings at 31 December 2015. These swaps fix the LIBOR benchmark rate to 1.5025%.
- Interest rate cap with a maturity date of 30 September 2019, covering approximately 47% of the Group's Euro denominated borrowings at 31 December 2015. The cap limits the Group's maximum EURIBOR benchmark rate to 0.25%.

All derivatives have been designated as hedging instruments for the purposes of IAS 39.

Fair value	**2015**	2014
Non-current	**€'000**	€'000
Interest rate cap asset	**26**	-
Total derivative asset	**26**	-
Non-current		
Interest rate swap liabilities	**(885)**	-
Total derivative liability	**(885)**	-
Net derivative financial instrument position at year-end	**(859)**	-

Included in Other Comprehensive Income		
	€'000	€'000
Fair value losses on derivative instruments		
Fair value loss on interest rate swap liabilities	**(1,540)**	-
Fair value loss on interest rate cap asset	**(130)**	-
	(1,670)	-
Reclassified to profit or loss (Note 7)	**655**	-
	(1,015)	-

15 Trade and other receivables

	2015 €'000	2014 €'000
Non-current assets		
Other receivables	**900**	900
Deposits paid on acquisitions	**1,316**	4,116
Prepayments	**-**	233
	2,216	5,249
Current assets		
Trade receivables	**6,001**	3,410
Prepayments	**3,315**	4,067
Accrued income	**2,458**	2,067
	11,774	9,544
Total	**13,990**	14,793

Non-current assets includes deposits paid of €1.3 million in relation to the acquisition of the Tara Tower Hotel Dublin which completed on 15 January 2016 (see Note 22).

Other, non-current, receivables consists of a deposit required as part of a hotel property lease contract. The deposit is interest-bearing and refundable at the end of the lease term.

16 Share capital and premium

At 31 December 2015

Authorised Share Capital	**Number**	**€'000**
Ordinary shares of €0.01 each	10,000,000,000	**100,000**
Allotted, called-up and fully paid shares	**Number**	**€'000**
Ordinary shares of €0.01 each	182,966,666	**1,830**
Share premium		**503,113**

At 31 December 2014

Authorised Share Capital	**Number**	**€'000**
Ordinary shares of €0.01 each	10,000,000,000	**100,000**

Allotted, called-up and fully paid shares	**Number**	**€'000**
Ordinary shares of €0.01 each	122,000,000	**1,220**
Share premium		**295,133**

On 3 February 2015, the Company issued 18.3 million ordinary shares at €2.75 each which raised €48.6 million after costs of €1.7 million. 12.2 million of these shares with a value of €33.6 million were issued in a Vendor Placing, as consideration for the acquisition of the nine hotels within the Moran Bewley Hotel Group (see Note 10).

On 6 October 2015, the Company issued 42.7 million ordinary shares for cash at €3.75 each which raised €153.6 million after costs of €6.4 million. The purpose of the fundraising was to raise finance for further hotel acquisitions, capital expenditure on existing hotels and potential new hotel developments.

Following changes arising from the application of Companies Act 2014, expenses in relation to shares issued after 1 June 2015 must be charged to retained earnings, which will have a subsequent restriction on distributable reserves. Therefore the costs relating to the October 2015 issue of €6.4 million have been charged to retained earnings.

17 Trade and other payables

	2015 **€'000**	2014 €'000
Trade payables	**12,216**	6,155
Accruals	**21,569**	12,438
Deferred income	**3,091**	729
Value added tax	**1,894**	349
Payroll taxes	**1,410**	674
	40,180	20,345

18 Financial instruments and risk management

(a) Credit risk

Exposure to credit risk

Credit risk arises from granting credit to customers and from investing cash and cash equivalents with banks and financial institutions.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk or dependence on individual customers. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Cash and cash equivalents

Cash and cash equivalents give rise to credit risk on the amounts due from counterparties. The maximum credit risk is represented by the carrying value at the reporting date The Group's policy for investing cash is to limit risk of principal loss and to ensure the ultimate recovery of invested funds by limiting credit risk. The Group limits its exposure to credit risk on money-market funds by only investing in liquid securities which are held by counterparties which have AAA ratings from Standard & Poors or equivalent credit ratings from other established rating agencies.

The carrying amount of the following financial assets represents the Group's maximum credit exposure. The maximum exposure to credit risk at year end was as follows:

	Carrying amount 2015 €'000	Carrying amount 2014 €'000
Trade receivables	**6,001**	3,410
Other receivables	**900**	900
Accrued income	**2,458**	2,067
Cash at bank and in hand	**25,202**	39,259
Money-market funds	**123,953**	178,548
	158,514	224,184

Trade receivables are stated net of an impairment provision of €0.45 million *(2014: €0.16 million).*

(b) Liquidity risk

The Group's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to:

- Fund its ongoing activities
- Allow it to invest in hotels that may create value for shareholders; and
- Maintain sufficient financial resources to mitigate against risks and unforeseen events.

During the period, the Group drew down a term loan of €282 million of which €16.8m was repaid by 31 December 2015. The Group also has an undrawn revolving facility of €20 million available (Note 19). The following are the contractual maturities of the Group financial liabilities at 31 December 2015, including estimated interest payments.

	Carrying Value 2015 €'000	Contractual cashflows Total 2015 €'000	6 months or less €'000	6 – 12 months €'000	1 – 2 years €'000	2 – 5 Years €'000	More than 5 years €'000
Secured bank loans	266,138	(309,843)	(13,585)	(13,553)	(26,814)	(255,891)	-
Trade payables and accruals	33,785	(33,785)	(33,785)	-	-	-	-
	299,923	(343,628)	(47,370)	(13,553)	(26,814)	(255,891)	-

The only financial liabilities of the Group as at 31 December 2014 were trade payables and accruals which all had a contractual maturity of six months or less.

c) Market risk

Market risk is the risk that changes in market prices and indices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments.

(i) Interest rate risk

The Group's exposure relates primarily to floating interest rates on the Group's debt obligations. The Group adopts a policy of ensuring that at least 66.67% of its interest rate risk exposure is hedged in order to mitigate its exposure to interest rate fluctuations. This is achieved by entering into interest rate swaps and an interest cap (see Note 14) which hedge the variability in cash flows attributable to the interest rate risk.

The interest rate profile of the Group's interest-bearing financial liabilities as reported to the management of the Group is as follows:

	Nominal amount 2015 €'000	2014 €'000
Variable rate instruments		
Financial liabilities – Borrowings	266,138	-
Effect of interest rate swap	(138,293)	-
Effect of interest rate cap	(44,614)	-
	83,231	-

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased or decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant. There were no borrowings at 31 December 2014.

Cash flow sensitivity analysis for variable rate instruments

	Effect on Profit or Loss	
	100 bp increase	100 bp decrease
	€'000	€'000
31 December 2015		
Loans and borrowings	(1,624)	548
Cash flow sensitivity	(1,624)	548

(ii) Foreign currency risk

The Group is exposed to transactional foreign currency risk on trading activities conducted by subsidiaries in currencies other than the functional currency. Group policy is to manage foreign currency exposures commercially and through netting of exposures where possible. The Group's principal transactional exposure to foreign exchange risk relates to interest costs on its sterling borrowings (see below).

The Group's gain or loss on retranslation of the net assets of foreign currency subsidiaries is taken directly to the translation reserve. The Group financed certain new operations in the UK (the four UK hotels formerly in the Moran Bewley Hotel Group) by obtaining funding at Group level through external borrowings denominated in sterling. These borrowings amounted to £132.4 million (€180.3 million) at 31 December 2015 and are designated as net investment hedges. This enables gains and losses arising on retranslation of those foreign currency borrowings to be recognised in Other Comprehensive Income, providing a partial offset in reserves against the gains and losses arising on translation of the net assets of the associated operations.

Sensitivity analysis on transactional risk

A reasonably possible strengthening (weakening) of Euro against Sterling by 10% at 31 December 2015 would have affected profit and equity by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit		Equity	
	Strengthening of Euro	Weakening of Euro	Strengthening of Euro	Weakening of Euro
	€'000	€'000	€'000	€'000
Impact on interest costs of Sterling loans	593	(741)	593	(741)

19 Interest bearing loans and borrowings

	2015	2014
	€'000	€'000
Repayable within one year		
Bank borrowings	**16,800**	-
Less: deferred issue costs	**(830)**	-
	15,970	-
Repayable after one year		
Bank borrowings	**252,728**	-
Less: deferred issue costs	**(2,560)**	-
	250,168	-
Total interest-bearing loans and borrowings	**266,138**	-

On 17 December 2014, the Group entered into a loan facility of €318 million (comprising of a €142 million Euro facility and a £132 million Sterling facility) with a syndicate of financial institutions. On 3 February 2015, the company drew down €282 million (comprising of a €106 million Euro facility and a £132 Sterling million) through five year term loan facilities with a maturity of 3 February 2020. The Group also has an undrawn revolving credit facility of €20 million available as at 31 December 2015. The total loan facility of €318 million included a standby facility of €16 million which was not drawn and has since expired.

The loans bear interest at variable rates based on 3 month EURIBOR/LIBOR plus applicable margins. The Group has entered into certain derivative financial instruments to hedge interest rate exposure on a portion of these loans (see Note 14). The loans are secured on the Group's hotel assets. Under the terms of the loan facility agreement, an interest rate floor is in place which prevents the Group from receiving the benefit of sub-zero benchmark LIBOR and EURIBOR rates.

20 Deferred tax

	2015	2014
	€'000	€'000
Deferred tax assets	**3,936**	319
Deferred tax liabilities	**(15,859)**	(960)
Net liability	**(11,923)**	(641)

Movements in year	**2015** **€'000**	2014 €'000
At beginning of year – net (liability)/asset	**(641)**	170
Acquisition through business combination – assets	**5,630**	-
Acquisition through business combination – liabilities	**(7,579)**	-
(Charge)/credit for year – to profit or loss (Note 9)	**(3,062)**	238
Charge for year – to other comprehensive income	**(6,271)**	(1,049)
At end of year – net liability	**(11,923)**	(641)

Deferred tax assets have only been recognised for losses that are expected to be used in the foreseeable future. As at 31 December 2015 and 31 December 2014 there are no unrecognised deferred tax assets.

21 Commitments

Operating leases

Non-cancellable operating lease rentals payable are set out below. These represent the minimum future lease payments in aggregate that the Group is required to make under existing lease arrangements.

	2015	2014
	€'000	€'000
Less than one year	**14,182**	14,191
Between one and five years	**49,192**	50,434
After five years	**212,986**	169,451
	276,360	234,076

Under the terms of certain hotel operating leases, contingent rents are payable, in excess of minimum lease payments, based on the financial performance of the hotels. The amount of contingent rent expense charged to profit or loss in the year ended 31 December 2015 was €4.5 million (2014: €0.8 million). The expiry dates of operating leases with contingent rental arrangements at 31 December 2015 ranged from April 2018 to July 2036.

Contractual commitments for 2016 acquisitions
As at 31 December 2015 the Group had entered into an agreement to acquire Tara Towers Hotel, Dublin which was completed in January 2016. The value of the commitment under contractual agreement, net of deposits of €1.3 million paid in the period (Note 15), is approximately €11.8 million. Further information on this acquisition is provided in Note 22.

Capital expenditure commitments
The Group has the following commitments for future capital expenditure under its contractual arrangements.

	2015	2014
	€'000	€'000
Contracted but not provided	**2,237**	4,191

22 Subsequent events

Clarion Group acquisition

On 28 January 2016, the Group announced that it has conditionally agreed to acquire the leasehold interest of the following four hotels for an enterprise value of €40.0 million:

1. The Gibson Hotel Dublin
2. The Croydon Park Hotel in Croydon, UK
3. The Clarion Hotel Cork
4. The Clarion Hotel Limerick

As part of the transaction, the Group will also take over the management of the Clarion Liffey Valley Hotel, Dublin under a short term management contract. The Group previously purchased the freehold of the Clarion Hotel Cork in November 2015 and this is accounted for as an investment property in the financial statements for the year end 31 December 2015.

The acquisition of the Clarion Group will be a 2016 business combination in accordance with IFRS 3. This acquisition is subject to the approval of the Competition and Consumer Protection Commission (CCPC).

Other single asset hotel business acquisitions

Two other acquisitions, which are or will be business combinations, were announced in January 2016.

On 15 January 2016, the Group completed the acquisition of Tara Towers Hotel, Dublin for a total cash consideration of €13.2 million, including the deposit paid in the period (see Note 15). Details of the assets acquired are currently under review and will be determined in 2016.

On 19 January 2016, the Group announced that it has entered into an agreement to acquire Clarion Hotel, Sligo for a total cash consideration of €13.1 million. The Group has been managing the property on behalf of the Receiver since April 2013. Details of the assets to be acquired have yet to be established.

Acquisition of development site

On 12 February 2016, the Group announced that it has acquired DS Charlemont Limited, which owns the former Charlemont Clinic Site, in Dublin 2 for a total cash consideration of €11.9 million. The site will be developed into a new hotel with construction expected to be completed in the first half of 2018. Dublin City Council has granted permission, subject to conditions, for the development of a 4 star 181 bedroom hotel, 3 residential apartments and basement car parking.

23 Earnings per share

Basic earnings per share (EPS) is computed by dividing the profit for the year available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is computed by dividing the profit for the year by the weighted average number of ordinary shares outstanding and, when dilutive, adjusted for the effect of all potentially dilutive shares. The following table sets out the computation for basic and diluted earnings per share for the years ended 31 December 2015 and 31 December 2014:

	2015	2014
	€'000	€'000
Profit attributable to shareholders of the parent (€'000) – basic and diluted	**21,626**	3,523
Earnings per share – Basic	**14.55 cents**	3.65 cents
Earnings per share – Diluted	**14.47 cents**	3.64 cents
Weighted average shares outstanding – Basic	**148,648,310**	96,625,887
Weighted average shares outstanding – Diluted	**149,427,201**	96,913,563

The difference between the basic and diluted weighted average shares outstanding for the year ended 31 December 2015 is due to the dilutive impact of the conditional share awards granted in 2014 and 2015 (see Note 8).

24 Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved by the directors on 1 March 2016.