DALATA HOTEL GROUP PLC

Delivering Growth

Adjusted EBITDA[1] up 24% to €103 million in H1 2023

ISE: DHG LSE: DAL

Dublin and London | 29 August 2023: Dalata Hotel Group plc ('Dalata' or the 'Group'), the largest hotel operator in Ireland, with a growing presence in the United Kingdom and continental Europe, announces its results for the six-month period ended 30 June 2023.

€million	H1 2023	H1 2022	H1 2023 vs H1 2022
Hotel revenue[1]	**284.8**	220.2	+29%
Hotel EBITDAR[1]	**115.6**	90.3	+28%
Adjusted EBITDA[1]	**103.4**	83.5	+24%
Profit before tax	**50.4**	52.0	-3%
Basic earnings per share (cents)	**18.8**	21.0	-10%
Adjusted basic earnings per share[1] (cents)	**18.4**	13.1	+40%
Free Cashflow[1]	**59.2**	56.6	+5%
Free Cashflow per Share[1] (cents)	**26.5**	25.4	+4%
Group key performance indicators (as reported)			
RevPAR (€)[1]	**109.41**	88.61	+23%
Average room rate (ARR) (€)[1]	**139.50**	126.89	+10%
Occupancy %	**78.4%**	69.8%	
Group key performance indicators ('Like for like' or 'LFL')			
'Like for like' or 'LFL' RevPAR (€)[1]	**112.09**	91.28	
as a percentage of 2022 equivalent levels	**123%**		

CONTINUING EXCELLENT OPERATING PERFORMANCE

- Adjusted EBITDA[1] up 24% to €103.4 million in H1 2023
- Hotel revenue[1] growth of 29% to €284.8 million in H1 2023
- 'LFL' H1 2023 RevPAR[1] of €112.09 up 23% on H1 2022
- 'LFL' H1 2023 Hotel EBITDAR margin[1] of 41.4% up 1.0% on H1 2019 (40.4%)
- H1 2023 Profit before tax of €50.4 million
- H1 2023 Free Cashflow[1] of €59.2 million (+5% on H1 2022)
- Announcing today, the Board has declared an interim dividend of 4.0 cent per share, representing dividend payment of c. €8.9 million

CONTINUING TO DELIVER ON OUR AMBITIOUS GROWTH STRATEGY

- Growing asset portfolio - PPE now €1.6 billion, 11% increase since 31 December 2022 (€1.4 billion), 5% of which relates to revaluation uplift on existing properties
- Secured two London owned hotels YTD (one in February, one in July), adding 280 rooms to our UK portfolio for consideration of £97.7 million (€112.3 million). Both hotels commenced trading under Dalata in July 2023, growing London room portfolio by 64%
- Maldron Hotel Shoreditch, London (157 rooms) to be completed in Q2 2024, bringing London room portfolio to 876
- Three further leased hotels (677 rooms) under construction in key UK cities – Liverpool, Brighton, and Manchester, expected to open in Q2 2024
- Experienced and skilled Acquisitions and Development team with a track record of securing opportunities in competitive markets, targeting prime city locations with strong mix of corporate and leisure business principally in the UK and continental Europe

[1] See Supplementary Financial Information which contains definitions and reconciliations of Alternative Performance Measures ('APM') and other definitions.

DALATA HOTEL GROUP PLC

CREATING LONG-TERM SHAREHOLDER VALUE WHILE MAINTAINING FINANCIAL DISCIPLINE

- €0.5 billion of property value growth since IPO
- Low gearing position provides balance sheet strength and ability to drive growth, enabling opportunistic acquisitions
- 11% Net Debt to Value[1] (of owned hotel portfolio), with cash and undrawn facilities of €413.9 million
- High quality leased hotel portfolio delivered H1 2023 EBITDA (after rent)[1] of €17.5 million at 1.7x rent cover[1]
- Balance Sheet NAV per share[1] of €6.26 at 30 June 2023 (+11% on 31 December 2022: €5.63)
- Normalised Return on Invested Capital[1] of 13.3% in the twelve months ended 30 June 2023 (year ended 31 December 2022: 11.6%)
- Well positioned and fully hedged on term loan (£176.5 million), with interest rate swaps in place fixing SONIA benchmark rate between c. 1.3% and 1.4% until 26 October 2023, reducing to c. 1.0% from then on until 26 October 2024

INVESTING IN OUR PEOPLE, OUR GREATEST ASSET

- 519 employees currently on award-winning graduate and development courses, 59,375 Dalata Online courses completed in H1 2023
- 285 internal promotions in H1 2023, growing portfolio creates excellent opportunities for future leaders of the business
- Dalata Employer Brand launched earlier this year to position Dalata as clear employer of choice in each of its markets
- Awarded 'Investors in Diversity' Silver accreditation, having received Bronze last year

RELENTLESS FOCUS ON SUSTAINABILITY

- Completed detailed assessment on how we may commit to Science Based Targets initiative (SBTi) under current draft guidance and identified a pathway to deliver on near-term targets (2029 – 2033)
- Aspire to commit to SBTi Building Sector targets, subject to the receipt and form of final guidance expected in Q4 2023 (the direct purchase of new green energy would need to be recognised as an applicable target reduction, as accepted within other sector guidance). Actively engaged in the SBTi draft guidance consultation process
- ESG Risk Rating ranked in top 10% in industry by Sustainalytics (July 2022: 37th percentile) and 'AA' rated by MSCI
- 24% reduction in Scope 1 & 2 carbon emissions per room sold achieved in H1 2023 versus H1 2019 (target of 20% reduction on 2019 full year levels by 2026) due to increased sustainability focus and management

OUTLOOK

Following a very successful start to 2023, the Group is optimistic for the remainder of the year and its future growth prospects.

Dalata's 'like for like' Group RevPAR[1] is expected to be €140 for the July/August period, an increase of 5% compared to the same period in 2022. 'Like for like' RevPAR[1] in July/August is expected to be 5% ahead of 2022 levels in Dublin, 8% in Regional Ireland and 5% in the UK. Recent hotel portfolio additions continue to perform well, with Clayton Hotel London Wall and Maldron Hotel Finsbury Park, London opening under Dalata brands in July.

The Group has entered into fixed pricing contracts for approximately 80% of its projected gas and electricity consumption until December 2024. Gas and electricity costs (net of energy supports received) for the first six months of 2023 amounted to approximately €15 million, based on expected consumption levels we expect a reduction in these costs to approximately €14 million for the second half of 2023 given improved pricing.

Recovery of international travel, including resurgent UK Airport traffic statistics and record numbers at Dublin Airport, provides a positive backdrop for the markets in which we operate. While we continue to monitor potential slowdowns in demand as a result of high inflation levels, we are not seeing any such indicators.

As announced previously, the Board has adopted a progressive dividend policy with payment based on a percentage of profit after tax. The Board has declared an interim dividend of 4.0 cent per share payable on 6 October 2023 to all ordinary shareholders on the share register at close of business on the record date of 15 September 2023.

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[1] See Supplementary Financial Information which contains definitions and reconciliations of Alternative Performance Measures ('APM') and other definitions.

DERMOT CROWLEY, DALATA HOTEL GROUP CEO, COMMENTED:

"Our performance year to date has been exceptional, thanks to all of our teams throughout the business, whose commitment and dedication are evident in the results announced today and in the continuous delivery of our ambitious growth strategy.

We have continued to expand our asset portfolio with the two recent high-quality acquisitions in London which are both performing well. This speaks to the strength of our balance sheet and our development team's ability to identify and deliver additional rooms in times of market volatility and uncertainty. Since IPO, we have delivered €0.5 billion in property value growth on our developments and acquisitions. In addition, we have our growing leased portfolio which is currently delivering €17.5 million EBITDA (after rent)[1] in H1 2023 equating to a very strong 1.7x rent cover[1]. As we open our current pipeline and secure new opportunities, I am confident that we will continue to create further value through the combined strength of our development and operating teams supported by our investment capacity. Our firepower potential provides scope to grow our property assets by €750 million in the medium term beyond our currently announced pipeline.

The Group has delivered a record set of financial results and reported excellent customer and employee satisfaction scores. We have responded effectively to the challenge of rising costs through cost and revenue management initiatives, a focus on reducing utility consumption and adopting innovation across all areas of the business. Our ongoing investment in consumer research ensures that customer insights are continuously used to inform and guide decisions, from hotel designs to the food and beverage offerings we serve our customers. As a result of these efforts, we achieved a 'like for like' hotel EBITDAR margin[1] of 41.4% in H1 2023, exceeding the equivalent H1 2019 margin by 1.0%. As a company, we have taken a reasonable approach to pricing; our average room rate[1] in Dublin during the four-month period from May to August was €177. We remain mindful that the current cost environment is highly dynamic, and our innovation and cost management measures will need to keep pace.

I am delighted to report that Dalata has recently been awarded the 'Investors in Diversity' Silver mark, which is one of many areas of focus in our continued efforts to deliver on our commitments to grow responsibly. Sustainability continues to be central to our strategy, and we achieved a 24% reduction on our Scope 1 & 2 carbon emissions per room sold in H1 2023 versus H1 2019, remaining on-track to exceed our short-term target of a 20% reduction on 2019 full year levels by 2026.

I look forward to the remainder of the year with confidence in our ability to continue to create opportunities, to grow and to create value for our shareholders whilst ensuring that our hotels continue to provide an excellent customer experience and a great place to work."

ENDS

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DALATA HOTEL GROUP PLC

ABOUT DALATA

Dalata Hotel Group plc was founded in August 2007 and listed as a plc in March 2014. Dalata is Ireland's largest hotel operator, with a growing presence in the UK and continental Europe. The Group's portfolio comprises 52 three and four-star hotels with 11,239 rooms and a pipeline of over 1,100 rooms. The Group currently has 31 owned hotels, 18 leased hotels and three management contracts. Dalata successfully operates Ireland's two largest hotel brands, the Clayton and the Maldron Hotels. For the six-month period ended 30 June 2023, Dalata reported revenue of €284.8 million and a profit after tax of €42.0 million. Dalata is listed on the Main Market of Euronext Dublin (DHG) and the London Stock Exchange (DAL). For further information visit: www.dalatahotelgroup.com

CONFERENCE CALL AND WEBCAST DETAILS

Management will host a conference call and webcast for analysts and institutional investors at 08:30 BST today 29 August 2023.

- For conference call details, please register here
- The webcast will be available here

Please allow sufficient time for registration.

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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 Group 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 Group 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.

DALATA HOTEL GROUP PLC

HALF YEAR 2023 FINANCIAL PERFORMANCE

€million	Six months ended 30 June 2023	Six months ended 30 June 2022
Hotel revenue[1]	**284.8**	220.2
Hotel EBITDAR[1]	**115.6**	90.3
Hotel variable lease costs	**(1.8)**	(1.3)
Hotel EBITDA[1]	**113.8**	89.0
Other income (excluding gain on disposal of property, plant and equipment)	**0.6**	0.6
Central costs	**(7.4)**	(4.9)
Share-based payments expense	**(3.6)**	(1.2)
Adjusted EBITDA[1]	**103.4**	83.5
Adjusting items[2]	**1.4**	17.9
Group EBITDA[1]	**104.8**	101.4
Depreciation of property, plant and equipment and amortisation	**(15.4)**	(14.2)
Depreciation of right-of-use assets	**(14.9)**	(13.0)
Operating profit	**74.5**	74.2
Interest on lease liabilities	**(20.9)**	(17.9)
Other interest and finance costs	**(3.2)**	(4.3)
Profit before tax	**50.4**	52.0
Tax charge	**(8.4)**	(5.3)
Profit for the period	**42.0**	46.7
Earnings per share (cents) – basic	**18.8**	21.0
Adjusted earnings per share[1] (cents) – basic	**18.4**	13.1
Hotel EBITDAR margin[1]	**40.6%**	41.0%
Relative to H1 2019 Hotel EBITDAR margin	**+20bps**	+60 bps

Group KPIs (as reported)	**Six months ended 30 June 2023**	Six months ended 30 June 2022
RevPAR (€)	**109.41**	88.61
Occupancy	**78.4%**	69.8%
Average room rate (ARR) (€)	**139.50**	126.89
'Like for like' Group KPIs[1]		
RevPAR (€)	**112.09**	91.28
RevPAR as a percentage of equivalent 2022 levels	**123%**	
Occupancy	**79.7%**	71.3%
Average room rate (ARR) (€)	**140.66**	127.98

Quarterly 'like for like' Group KPIs[1]	**Q1 2023**	**Q2 2023**
RevPAR (€)	**89.60**	**134.34**
RevPAR as a percentage of equivalent 2022 levels	**144%**	**112%**
Occupancy	**72.2%**	**87.1%**
Average room rate (ARR) (€)	**124.07**	**154.26**

Summary of hotel performance

For the six-month period ended 30 June 2023, the Group generated hotel revenue[1] of €284.8 million, representing an increase of 29% compared to the same period in 2022. This increase is driven by strong performance at existing hotels, growing hotel revenue[1] by €44.5 million in H1 2023 which reflected both the Q1 2023 recovery versus Q1 2022 (which had some Covid restrictions) in addition to ongoing room rate growth. The seven hotels added to the portfolio during 2022, together contributed a period-on-period increase of €24.6 million as they ramped up or delivered a full period of trading. This was partially offset by the disposal of Clayton Crown Hotel, London in June 2022, resulting in reduced hotel revenue[1] of €2.2 million.

[1] See Supplementary Financial Information which contains definitions and reconciliations of Alternative Performance Measures ('APM') and other definitions.
[2] Adjusting items include the net property revaluation gain of €2.0 million following the valuation of property assets (H1 2022: net revaluation gain of €17.9 million) less pre-opening costs of €0.7 million. Further detail on adjusting items is provided in the section titled 'Adjusting items to EBITDA'.

'Like for like' Group RevPAR[1] for the six months ended 30 June 2023 was €112.09, up from €91.28 (+23%) for the same period in 2022. RevPAR growth has been driven by sustained demand across domestic customer segments along with a strong return of international visitors.

The Group's decentralised model has been highly successful in managing the challenging inflationary environment through the use of dynamic pricing, innovation, cost management and an increase in sustainability initiatives delivering a reduction in utility consumption per room sold. Hotel EBITDAR margin[1] for the first half of 2023 was 1.0% ahead of margins achieved for the same period in 2019 on a 'like for like'[1] basis.

€million	**Hotel revenue[1]**	**Adjusted EBITDA[1]**
Six months ended 30 June 2022	220.2	83.5
Hotels added during 2022	24.6	12.0
Hotel exits	(2.2)	0.3
Movement at 'like for like' hotels[1]	44.5	27.9
Effect of FX	(2.3)	(0.7)
Covid- 19 government support	-	(15.0)
Movement in other income and group expenses	-	(4.6)
Six months ended 30 June 2023	**284.8**	**103.4**

PERFORMANCE REVIEW | SEGMENTAL ANALYSIS

The following section analyses the results from the Group's portfolio of hotels in Dublin, Regional Ireland and the UK. As a single property, Clayton Hotel Düsseldorf has been included in the Dublin region.

1. Dublin Portfolio[2]

€million	**Six months ended 30 June 2023**	Six months ended 30 June 2022
Room revenue	**112.7**	82.7
Food and beverage revenue	**26.6**	20.6
Other revenue	**10.1**	7.4
Hotel revenue[1]	**149.4**	110.7
Hotel EBITDAR[1]	**68.9**	54.3
Hotel EBITDAR margin %[1]	**46.1%**	49.1%

Performance statistics ('like for like')[3]	**Six months ended 30 June 2023**	Six months ended 30 June 2022
RevPAR (€)	**131.04**	104.49
Occupancy	**83.2%**	75.0%
Average room rate (ARR) (€)	**157.47**	139.32

Quarterly performance statistics ('like for like')[3]	**Q1 2023**	**Q2 2023**
RevPAR (€)	**102.42**	**159.36**
RevPAR as percentage of equivalent 2022 levels	**158%**	**111%**

Dublin owned and leased portfolio	**30 June 2023**	30 June 2022
Hotels at period end	**18**	17
Room numbers at period end	**4,831**	4,690

The Dublin portfolio consists of eight Maldron hotels, seven Clayton hotels, The Gibson Hotel, The Samuel Hotel and Clayton Hotel Düsseldorf[2]. Ten hotels are owned and eight are operated under leases. Maldron Hotel Merrion Road (140 rooms) opened in August 2022.

[1] See Supplementary Financial Information which contains definitions and reconciliations of Alternative Performance Measures ('APM') and other definitions.
[2] Dublin portfolio includes the operating performance of Clayton Hotel Düsseldorf which was leased from February 2022 due to its single asset scale.
[3] The reference to 'like for like' hotels in Dublin for performance statistics comparing to H1 2022 (occupancy, ARR and RevPAR) excludes Clayton Hotel Düsseldorf which was leased from February 2022, The Samuel Hotel which is newly opened since April 2022 and Maldron Hotel Merrion Road which is newly opened since August 2022.

The Dublin region delivered hotel EBITDAR[1] of €68.9 million for the six-month period ended 30 June 2023, growing 27% from €54.3 million in the first half of 2022 which included Covid-19 related government supports of €9.0 million. On a 'like for like'[2] level, hotel EBITDAR margin[1] for the six-month period ended 30 June 2023 of 46.9% was close to equivalent 2019 levels of 47.3%, despite the impact of increased gas and electricity costs.

Clayton Hotel Düsseldorf continues to perform well, achieving rent cover[1] of 1.4x for the first six months of 2023.

For the six-month period ended 30 June 2023, hotel revenue[1] for the Dublin portfolio was €149.4 million, up €38.8 million (+35%) on the same period in 2022. 'Like for like'[2] hotels contributed €25.1 million of this uplift, while additions to the portfolio during 2022 added further revenues of €13.7 million.

The continued normalisation of international trade levels in conjunction with ongoing domestic leisure demand in Dublin, resulted in strong hotel performance across the city. 'Like for like'[2] Occupancy in Q2 2023 was 90.6%, marginally above occupancy levels for the equivalent period in 2022. The average room rate[1] in Q2 2023 was 11% higher than Q2 2022 on a 'like for like'[2] basis, benefiting from strong events in the period such as the US Presidential visit and the Champions Cup rugby final. The Dublin market had 17 compression nights (occupancy greater than 95%) in Q2 2023, while our Dublin portfolio had 32 equivalent nights, showcasing strong demand in the city. In addition, hotel room supply in Dublin continues to be constrained with an estimated 10% of rooms being used for the provision of emergency accommodation for refugees.

Food and beverage revenue reached €26.6 million for the first half of 2023 and was 20% ahead of the first half of 2022 on a 'like for like'[2] basis due to higher occupancies.

2. Regional Ireland Hotel Portfolio

€million	**Six months ended 30 June 2023**	Six months ended 30 June 2022
Room revenue	**33.7**	26.9
Food and beverage revenue	**14.3**	12.1
Other revenue	**4.6**	3.9
Hotel revenue[1]	**52.6**	42.9
Hotel EBITDAR[1]	**15.9**	14.8
Hotel EBITDAR margin %[1]	**30.2%**	34.5%

Performance statistics ('like for like')	**Six months ended 30 June 2023**	Six months ended 30 June 2022
RevPAR (€)	**99.74**	79.57
Occupancy	**77.6%**	68.0%
Average room rate (ARR) (€)	**128.59**	117.09

Quarterly performance statistics ('like for like')	**Q1 2023**	**Q2 2023**
RevPAR (€)	**78.53**	**120.72**
RevPAR as percentage of equivalent 2022 levels	**146%**	**115%**

Regional Ireland owned and leased portfolio	**30 June 2023**	30 June 2022
Hotels at period end	**13**	13
Room numbers at period end	**1,867**	1,867

The Regional Ireland hotel portfolio comprises seven Maldron hotels and six Clayton hotels located in Cork (x4), Galway (x3), Limerick (x2), Wexford (x2), Portlaoise and Sligo. 12 hotels are owned and one is operated under a lease.

The Regional Ireland portfolio performed very strongly, generating hotel EBITDAR[1] of €15.9 million in H1 2023 (+8% on H1 2022, which included Covid-19 related government support of €4.7 million). Hotel EBITDAR margin[1] of 30.2% for the six-month period ended 30 June 2023 was 5.7% ahead of the hotel EBITDAR margin[1] the first six-month period of 2019 of 24.5%, representing strong conversion of RevPAR growth and management of rising costs.

Hotel revenue[1] for the six-month period ended 30 June 2023 was €52.6 million, which is an increase of €9.7 million (+23%) on H1 2022. Demand from the domestic market remains strong, while an increase in the number of overseas visitors, particularly from North America, has resulted in higher guest volumes. Occupancy in Q2 2023 was 87.8%, representing 105% of Q2 2022 occupancy levels. The average

[1] See Supplementary Financial Information which contains definitions and reconciliations of Alternative Performance Measures ('APM') and other definitions.

[2] The reference to 'like for like' hotels in Dublin for performance statistics comparing to H1 2022 (occupancy, ARR and RevPAR) excludes Clayton Hotel Düsseldorf which was leased from February 2022, The Samuel Hotel which is newly opened since April 2022 and Maldron Hotel Merrion Road which is newly opened since August 2022.

room rate[1] of €137.52 in Q2 2023 reflects a 10% increase on the same period in 2022. Like Dublin, a significant number of rooms are currently being used for the provision of emergency accommodation for refugees.

Food and beverage revenue was €2.1 million (+18%) higher for the first six months of 2023, reflecting increased occupancy levels.

3. UK Hotel Portfolio

Local currency - £million	**Six months ended 30 June 2023**	Six months ended 30 June 2022
Room revenue	**56.5**	42.9
Food and beverage revenue	**12.2**	10.3
Other revenue	**3.8**	3.1
Hotel revenue[1]	**72.5**	56.3
Hotel EBITDAR[1]	**26.9**	18.0
Hotel EBITDAR margin %[1]	**37.1%**	32.0%

Performance statistics ('like for like')[2]	**Six months ended 30 June 2023**	Six months ended 30 June 2022
RevPAR (£)	**81.02**	67.33
Occupancy	**75.9%**	68.2%
Average room rate (ARR) (£)	**106.68**	98.72

Quarterly performance statistics ('like for like')[2]	**Q1 2023**	**Q2 2023**
RevPAR (£)	**69.07**	**92.84**
RevPAR as percentage of equivalent 2022 levels	**130%**	**114%**

UK owned and leased portfolio	**30 June 2023**	30 June 2022
Hotels at period end	**16**	15
Room numbers at period end	**3,962**	3,659

The UK hotel portfolio comprises 11 Clayton hotels and five Maldron hotels with two hotels situated in London, 11 hotels in regional UK and three hotels in Northern Ireland. Six hotels are owned, nine are operated under long-term leases and one hotel is effectively owned through a 99-year lease. Clayton Hotel Glasgow City (303 rooms) opened in October 2022. Post-period end, Clayton Hotel London Wall (89 rooms) and Maldron Hotel Finsbury Park (191 rooms) both commenced trading for Dalata in July 2023.

The UK portfolio performed very well in the six-month period ended 30 June 2023 with hotel EBITDAR[1] growth of 50% to £26.9 million (H1 2022: £18.0 million which included Covid related government supports of £1.1 million). Hotel EBITDAR margin[1] also improved from 32.0% in H1 2022 to 37.1% in H1 2023, driven by the continued maturation of the portfolio, in particular, the four UK hotels added during the prior year (three in H1 2022, one in H2 2022) which achieved a higher margin as they ramped up.

The UK portfolio reached hotel revenue[1] of £72.5 million for the six-month period ended 30 June 2023, up £16.2 million (+29%) on the same period in 2022. The four hotels added since January 2022 resulted in hotel revenue[1] uplifts of £9.6 million, while the 'like for like'[2] UK portfolio added further hotel revenue[1] growth of £8.5 million. These uplifts were offset by the sale of Clayton Crown Hotel in June 2022 which reduced revenues by £1.9 million.

'Like for like' RevPAR[2] growth of 20% for the first six months of 2023 was driven by our London hotels which had been slower to recover from the impact of Covid due to a larger corporate and international travel segment when compared to our Regional UK and Northern Ireland hotels. 'Like for like' RevPAR[2] in Q2 2023 at our London hotels was 123% of equivalent levels in 2022, outperforming in both occupancy and average room rate[1]. Meanwhile, 'like for like' RevPAR[2] in Q2 2023 at our Regional UK and Northern Ireland hotels was 112% of the same period in 2022.

For the six-month period ended 2023, food and beverage revenue exceeded equivalent 2022 levels by £1.2 million (+14%) on a 'like for like'[2] basis.

[1] See Supplementary Financial Information which contains definitions and reconciliations of Alternative Performance Measures ('APM') and other definitions.
[2] The reference to 'like for like' hotels in the UK for performance statistics comparing to H1 2022 (occupancy, ARR and RevPAR) excludes Clayton Hotel Manchester City Centre, Maldron Hotel Manchester City Centre, Clayton Hotel Bristol City and Clayton Hotel Glasgow City as these only opened during 2022. Clayton Crown Hotel, London is also excluded as it was sold in June 2022.

Central costs

Central costs amounted to €7.4 million during the period (H1 2022: €4.9 million). The increase was primarily driven by employee headcount increases related to the ongoing growth of the Group, increases for existing employees and greater marketing spending for several new strategic initiatives, including the launch of our Employer Brand campaign in January 2023 and enhanced customer research.

Adjusting items to EBITDA[1]

€million	Six months ended 30 June 2023	Six months ended 30 June 2022
Net property revaluation movements through profit or loss	**2.0**	17.9
Gain on disposal of Clayton Crown Hotel, London	**-**	3.9
Hotel pre-opening expenses	**(0.7)**	(1.9)
Net reversal of previous impairment charges of fixtures, fittings and equipment	**-**	0.4
Net impairment of right-of-use assets	**-**	(2.4)
Adjusting items[1]	**1.3**	17.9

The Group recorded a net revaluation gain of €78.8 million on the revaluation of its property assets at 30 June 2023 of which €2.0 million was recorded as the reversal of previous period revaluation losses through profit or loss (H1 2022: €17.9 million). There were no revaluation losses through profit or loss in the period (H1 2022: €nil). Further detail is provided in the 'Property, plant and equipment' section (note 11) of the interim financial statements.

The Group also incurred €0.7 million of pre-opening expenses in the period (H1 2022: €1.9 million). These expenses are related to the opening of Maldron Hotel Finsbury Park, London in July 2023.

Depreciation of right-of-use assets

Under IFRS 16, the right-of-use assets are depreciated on a straight-line basis to the end of their estimated useful life, most typically the end of the lease term. The depreciation of right-of-use assets increased by €1.8 million to €14.9 million for the six-month period ended 30 June 2023, primarily due to the full period impact of five[2] leased hotels added to the portfolio during the first half of 2022, and the impact of the lease of Clayton Hotel Glasgow City, which opened in October 2022.

Depreciation of property, plant and equipment and amortisation

Depreciation of property, plant and equipment and amortisation increased by €1.2 million to €15.4 million for the six-month period ended 30 June 2023. The increase primarily relates to the full period impact of the depreciation of Maldron Hotel Merrion Road, Dublin which opened in August 2022 and room refurbishment projects at three hotels. These increases were partially offset by the disposal of Clayton Crown Hotel, London in June 2022.

Finance Costs

€million	Six months ended 30 June 2023	Six months ended 30 June 2022
Interest expense on bank loans and borrowings	**5.9**	3.9
Impact of interest rate swaps	**(2.8)**	0.6
Other finance costs	**0.9**	1.4
Capitalised interest	**(0.8)**	(1.6)
Finance costs excluding lease interest	**3.2**	4.3
Interest on lease liabilities	**20.9**	17.9
Finance costs	**24.1**	22.2
Weighted average interest cost, including the impact of hedges		
- Sterling denominated borrowings	**2.8%**	3.9%
- Euro denominated borrowings	**4.1%**	2.5%

Finance costs related to the Group's loans and borrowings (before capitalised interest) amounted to €4.0 million in H1 2023, decreasing from €5.9 million in H1 2022 due to lower average borrowings as well as benefitting from a lower interest margin which is set with reference to the Net Debt to EBITDA[1] covenant levels. Interest on lease liabilities for the period increased from €17.9 million to €20.9 million primarily due to the full period impact of five[2] leased hotels added to the portfolio during the first half of 2022, and the impact of the lease of Clayton Hotel Glasgow City, which opened in October 2022.

[1] See Supplementary Financial Information which contains definitions and reconciliations of Alternative Performance Measures ('APM') and other definitions.
[2] Includes the lease for Clayton Hotel Manchester City Centre, Maldron Hotel Manchester City Centre, Clayton Hotel Düsseldorf, Clayton Hotel Bristol City and The Samuel Hotel, Dublin.

Tax charge

The tax charge for the six-month period ended 30 June 2023 of €8.4 million primarily relates to current tax of €7.1 million in respect of profits earned in Ireland during the period. The deferred tax charge of €1.4 million mainly relates to the utilisation of losses carried forward from earlier periods, primarily in the UK. The Group's effective tax rate increased from 11.9% in 2022 to 16.7% in H1 2023, mainly due to a higher proportion of income being subject to tax at higher rates during the period. In addition, the impact of the non-taxable gain on disposal of the Clayton Crown Hotel, London during the prior year reduced the effective tax rate in that year. At 30 June 2023, the Group has deferred tax assets of €16.6 million in relation to tax losses and interest expenses which can be utilised in future periods.

Earnings per share (EPS)

The Group's profit after tax of €42.0 million for the six-month period ended 30 June 2023 (H1 2022: €46.7 million) represents basic earnings per share of 18.8 cents (H1 2022: basic earnings per share of 21.0 cents) and adjusted basic earnings per share[1] of 18.4 cents (H1 2022: adjusted basic earnings per share of 13.1 cents).

STRONG CASHFLOW GENERATION

The Group continues to deliver strong cashflow with significant liquidity to support the ongoing growth strategy. The Group generated Free Cashflow[1] of €59.2 million for the six-month period ended 30 June 2023 (H1 2022: €56.6 million). At 30 June 2023, the Group had cash and undrawn committed debt facilities of €413.9 million (31 December 2022: cash and undrawn debt facilities of €455.7 million).

Free Cashflow[1]	**Six months ended 30 June 2023**	Six months ended 30 June 2022
Net cash from operating activities	**62.0**	100.4
Other interest and finance costs paid	**(3.5)**	(7.5)
Refurbishment capital expenditure paid	**(8.8)**	(4.4)
Fixed lease payments	**(26.1)**	(23.0)
Add back pre-opening costs	**0.7**	1.9
Exclude impact from net tax deferrals under Debt Warehousing scheme	**34.9**	(10.8)
Free Cashflow[1]	**59.2**	56.6

During the six-month period ended 30 June 2023, the Group paid corporation tax of €6.2 million, compared to a corporation tax refund of €0.6 million for the same period in 2022. This increase reflects a return to higher profitability levels and the normalisation of the timing of payments. In addition, the remaining 2022 Irish corporation tax liability of €11.5 million is payable in H2 2023.

In April 2023, the Group fully repaid the net tax deferrals under the Irish government's Debt Warehousing scheme of €34.9 million (H1 2022: repaid Irish VAT liabilities totalling €0.2 million). The Debt Warehousing scheme ended in May 2022 and as such no further amounts were deferred during the period (H1 2022: deferred Irish VAT and payroll tax liabilities totalling €11.0 million).

During the period, the Group paid £43.7 million (€49.4 million) on acquiring Maldron Hotel Finsbury Park, London with a further retention amount of £0.6 million (€0.7 million) becoming due within the next twelve months from 30 June 2023. The Group also paid a deposit of €3.1 million for the acquisition of the newly rebranded Clayton Hotel London Wall which was completed in early July.

At 30 June 2023, the Group has future capital expenditure commitments totalling €15.2 million, of which €8.1 million relates to the new Maldron Hotel at Shoreditch, London, €1.7 million relates to other developments in the committed pipeline at 30 June 2023 and the remaining €5.4 million relates to future capital expenditure commitments at our existing hotels.

[1] See Supplementary Financial Information which contains definitions and reconciliations of Alternative Performance Measures ('APM') and other definitions.

BALANCE SHEET | STRONG ASSET BACKING PROVIDES SECURITY, FLEXIBILITY AND THE ENGINE FOR FUTURE GROWTH

€million	30 June 2023	31 December 2022
Non-current assets		
Property, plant and equipment	**1,581.8**	1,427.4
Right-of-use assets	**653.3**	658.1
Intangible assets and goodwill	**31.1**	31.1
Other non-current assets[1]	**38.5**	33.5
Current assets		
Trade and other receivables and inventories	**41.8**	32.6
Other current assets[1]	**2.7**	4.9
Cash and cash equivalents	**114.4**	91.3
Total assets	**2,463.6**	2,278.9
Equity	**1,347.0**	1,222.8
Loans and borrowings at amortised cost	**265.2**	193.5
Lease liabilities	**656.7**	651.8
Trade and other payables	**91.5**	118.8
Other liabilities[2]	**103.2**	92.0
Total equity and liabilities	**2,463.6**	2,278.9

The Group's balance sheet position remains strong through financial discipline with property, plant and equipment of €1.6 billion in prime locations and cash and undrawn debt facilities of €413.9 million, supported by a Net Debt to Value[3] of 11% (31 December 2022: 8%).

Property, plant and equipment

Property, plant and equipment amounted to €1,581.8 million at 30 June 2023. The increase of €154.3 million since 31 December 2022 is primarily driven by revaluation movements on property assets of €78.8 million, additions of €76.5 million and a foreign exchange gain on the retranslation of Sterling-denominated assets of €13.2 million, partially offset by a depreciation charge of €15.1 million for the period.

The Group revalues its property assets at each reporting date using independent external valuers. The principal valuation technique utilised is discounted cash flows which utilise asset-specific risk-adjusted discount rates and terminal capitalisation rates. The independent external valuation also incorporates relevant recent data on hotel sales activity metrics.

Revaluation uplifts of €78.8 million were recorded on our property assets in the six-month period ended 30 June 2023. €76.8 million of the net gains are recorded as an uplift through the revaluation reserve. €2.0 million of the net revaluation uplifts for the six-month period ended 30 June 2023 are recorded through profit or loss reversing revaluation losses from prior periods.

Additions through acquisitions and capital expenditure €million	**Six months ended 30 June 2023**	Six months ended 30 June 2022
Acquisition of freehold	**53.0**	-
Construction of new build hotels, hotel extensions and renovations	**11.1**	14.5
Other development expenditure	**2.9**	0.2
Total development capital expenditure	**67.0**	14.7
Total refurbishment capital expenditure	**9.5**	5.6
Additions to property, plant and equipment	**76.5**	20.3

On 16 February 2023, the Group acquired the freehold interest of Maldron Hotel Finsbury Park, London for a cost of £45.4 million (€53.0 million).

A deposit of €3.1 million was paid during the period for the post-period end acquisition of the newly rebranded Clayton Hotel London Wall. This amount is held within non-current other receivables at 30 June 2023.

The Group incurred €11.1 million on development capital expenditure including €9.0 million on the development of the new Maldron Hotel Shoreditch, London and €2.1 million in relation to further investment into Maldron Hotel Finsbury Park, London prior to opening in July 2023. Other development expenditure of €2.9 million primarily relates to the fitout of the Group's new central office location in Dublin.

[1] Other non-current assets comprise investment property, deferred tax assets, non-current derivative assets and other receivables (which include costs of €1.2 million associated with future lease agreements for hotels currently being constructed or in planning (31 December 2022: €0.9 million)). Other current assets comprise current derivative assets.
[2] Other liabilities comprise deferred tax liabilities, provision for liabilities, current tax liabilities and accruals.
[3] See Supplementary Financial Information which contains definitions and reconciliations of Alternative Performance Measures ('APM') and other definitions.

The Group incurred €9.5 million of refurbishment capital expenditure during the period which mainly related to the refurbishment of 381 bedrooms, health and safety upgrades, energy efficient plant upgrades and IT fit-out of guest relations technology. The Group allocates approximately 4% of hotel revenue[1] to refurbishment capital expenditure.

Right-of-use assets and lease liabilities

At 30 June 2023, the Group's right-of-use assets amounted to €653.3 million and lease liabilities amounted to €656.7 million.

€million	**Lease liabilities**	**Right-of-use assets**
At 31 December 2022	651.8	658.1
Depreciation charge on right-of-use assets	-	(14.9)
Interest on lease liabilities	20.9	-
Lease payments	(26.1)	-
Translation adjustment	10.1	10.1
At 30 June 2023	**656.7**	**653.3**

Right-of-use assets are recorded at cost less accumulated depreciation and impairment. The initial cost comprises the initial amount of the lease liability adjusted for lease prepayments and accruals at the commencement date, initial direct costs and, where applicable, reclassifications from intangible assets or accounting adjustments related to sale and leasebacks.

Lease liabilities are initially measured at the present value of the outstanding lease payments, discounted using the estimated incremental borrowing rate attributable to the lease. The lease liabilities are subsequently remeasured during the lease term following the completion of rent reviews, a reassessment of the lease term or where a lease contract is modified. The weighted average lease life of future minimum rentals payable under leases is 29.5 years (31 December 2022: 29.8 years).

No rent reviews or rent adjustments, which formed part of the original lease agreements, were agreed during the six-month period ended 30 June 2023. Over 90% of lease contracts at currently leased hotels include rent review caps which limit CPI/RPI-related payment increases to 3.5% - 4% per annum.

Further information on the Group's leases including the unwind of right-of-use assets and release of interest charge is set out in note 12 to the interim financial statements.

Loans and borrowings

As at 30 June 2023, the Group had loans and borrowings at amortised cost of €265.2 million and undrawn committed debt facilities of €299.5 million. Loans and borrowings increased from 31 December 2022 (€193.5 million) mainly due to net loan drawdowns totalling €65.2 million and foreign exchange movements which increased the translated value of the loans drawn in Sterling by €6.5 million.

At 30 June 2023	**Sterling borrowings £million**	**Euro borrowings €million**	**Total borrowings €million**
Term Loan	176.5	-	205.6
Revolving credit facility:			
- Drawn in Sterling	53.4	-	62.2
- Drawn in Euro	-	3.0	3.0
External loans and borrowings drawn at 30 June 2023	**229.9**	**3.0**	**270.8**
Accounting adjustment to bring to amortised cost			(5.6)
Loans and borrowings at amortised cost at 30 June 2023			**265.2**

The Group's debt facilities now consist of a €200.0 million term loan facility, with a maturity date of 26 October 2025 and a €364.4 million revolving credit facility ('RCF'): €304.9 million with a maturity date of 26 October 2025 and €59.5 million with a maturity date of 30 September 2023.

The Group's covenants comprising Net Debt to EBITDA (as defined in the Group's bank facility agreement which is equivalent to Net Debt to EBITDA after rent[1]) and Interest Cover[1] were tested on 30 June 2023. At 30 June 2023, the Net Debt to EBITDA covenant limit is 4.0x and the Interest Cover minimum is 4.0x. The Group complies with its covenants at 30 June 2023.

The Group limits its exposure to foreign currency by using Sterling debt to act as a natural hedge against the impact of Sterling rate fluctuations on the Euro value of the Group's UK assets. The Group is also exposed to floating interest rates on its debt obligations and uses hedging instruments to mitigate the risk associated with interest rate fluctuations. This is achieved by entering into interest rate swaps which hedge the variability in cash flows attributable to the interest rate risk. The term debt interest is fully hedged until October

[1] *See Supplementary Financial Information which contains definitions and reconciliations of Alternative Performance Measures ('APM') and other definitions.*

2024. Until 26 October 2023, interest rate swaps fix the SONIA benchmark rate between c. 1.3% and 1.4% on Sterling-denominated term borrowings. From 26 October 2023 to 26 October 2024 interest rate swaps fix the SONIA benchmark rate to c. 1.0% on Sterling-denominated borrowings. The variable interest rates on the Group's revolving credit facilities were unhedged at 30 June 2023.

PRINCIPAL RISKS AND UNCERTAINTIES

Since the last report on principal risks in March 2023, there have been ongoing developments in our risk environment. The principal risks and uncertainties now facing the Group are:

External factors – Dalata operates in an open market, and its activities and performance are influenced by broader geopolitical and economic factors outside the Group's control. Many of these factors are interlinked and impact the Group's strategy, performance, and the economic environment in which the Group operates. There continues to be uncertainty concerning external factors and our markets.

The Board and executive management team continuously focus on the impact of external factors on our business performance. The Group has an experienced management team with functional expertise in relevant areas, supported by modern information systems that provide up-to-date information to the Board.

Inflation - We recognise the broader effect of inflation on our cost base, including labour costs, and its effect on discretionary consumer spending. Innovation in our guest offerings and services and business efficiencies support our operating margins while retaining high levels of guest service and employee satisfaction.

Climate change and ESG - Climate change and the drive for a sustainable and responsible business create risks and opportunities for the Group. The Board is keenly aware of its responsibilities and commitments to our stakeholders and the wider community under the ESG umbrella, which are reflected in the initiatives implemented by our management and employee teams.

We have disclosed the Group's strategies and emission reduction targets and are committed to transparent measurement and reporting on ESG. The ESG Committee provides board oversight of strategy development, implementation, and target setting.

We recognise that reporting on ESG and climate metrics is an area that is subject to increased regulation and disclosure requirements. This year, the Group initiated an extensive Group-wide project to properly prepare for meeting these requirements and provide assurance on our climate and ESG initiatives.

Our culture and values – Protecting and promoting our culture is a key differentiator for us and a source of competitive advantage. The rollout of our business model depends on the retention and growth of our strong culture. There is a risk that, as the Group expands, our values and culture become diluted, and behaviours do not reflect our established norms.

Culture remains a constant priority for the Board and executive management. We have defined values and behaviours that we continue to embed in our Group, senior management, and teams. These are supported by internal structures that support and oversee expected behaviours. We also use wide-ranging measures to assess and monitor our culture, which are reviewed with the Board and management teams.

Expansion and development strategy – Our strategy is to grow our business through targeted developments and acquisitions. This strategy carries risk, particularly in the current construction cost and financing environment, but also provides us with development opportunities. The Board scrutinises all potential opportunities before commitment and is regularly updated on the progress of the development programme.

Internal acquisitions and development expertise is in place to assess potential opportunities, costs and risks. Our financial position, funding flexibility and position as a preferred development partner assist us in managing this risk.

Developing our people and resourcing our business – Our strategy is to develop our expertise, where possible, from within our existing teams. This expertise can be deployed throughout our business, particularly in our new hotels. We need well-trained and motivated teams to deliver our desired customer service levels at our hotels. There is a risk that we cannot implement our management development strategy as planned or recruit and retain sufficient resources to operate our business effectively.

The Group launched its employer brand campaign and continues to invest significantly in its unique and industry-focused career development programmes. We have identified and supported our next generation of senior hotel management. We provide role-related and development training to all our teams through our Dalata Academy platform. Strategies are in place to attract and retain people at all levels in the Group, including an enhanced benefits programme.

Health, safety and security – As a large hotel operator, we manage a wide range of life safety, fire safety, food safety and security risks. As a large employer, we also manage workplace-related risks. There is a risk that we may not comply with these requirements in our business, resulting in injury, loss of life or hotel damage.

We have a well-established health, safety and security framework in our hotels. Central support is provided to all hotels, and local dedicated H&S resources are in place, supported by information management systems. In addition, a portion of the Group's capital budget is reserved for health and safety, and identified risks are remediated promptly.

Bureau Veritas supports us through independent health and safety assessments across all our hotels. This programme, which commenced in 2022, has continued in 2023 with strong results. The audit and risk committee has also met with Bureau Veritas to discuss the programme, scope and hotel outcomes.

Information security and data protection – In common with other businesses, we recognise the threats associated with cybercrime, information technology risks, and the ongoing need to protect our data. The security of our information technology platforms is crucial to the Board. Our Information Security Management System is based on ISO27001 and audited twice annually by a leading cybersecurity consultancy firm. Enhanced data protection and privacy structures are in place, and training and awareness programmes continue. The Group has continued its investment to enhance its technology and infrastructure, and we assess and monitor these risks on an ongoing basis.

Demand volatility and disruptive technology – We maintain an ongoing focus on our markets, customer behaviour across multiple market segments and trends in the wider hospitality market. This includes the impact of emerging technology on rooms distribution.

Statement of Directors' responsibilities

For the half-year ended 30 June 2023

The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

In preparing the condensed set of consolidated financial statements included within the half-yearly financial report, the Directors are required to:

- prepare and present the condensed set of consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, the Transparency Directive and the Transparency Rules of the Central Bank of Ireland;
- ensure the condensed set of consolidated financial statements has adequate disclosures;
- select and apply appropriate accounting policies;
- make accounting estimates that are reasonable in the circumstances; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for designing, implementing and maintaining such internal controls as they determine are necessary to enable the preparation of the condensed set of consolidated financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

(1) the condensed set of consolidated financial statements included within the half-yearly financial report of Dalata Hotel Group plc ("the Company") for the six months ended 30 June 2023 ("the interim financial information") which comprises the condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes, have been presented and prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU, the Transparency Directive and Transparency Rules of the Central Bank of Ireland.

(2) the interim financial information presented, as required by the Transparency Directive, includes:
   a. an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of consolidated financial statements;
   b. a description of the principal risks and uncertainties for the remaining six months of the financial year;
   c. related parties' transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
   d. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

John Hennessy	Dermot Crowley
Director	*Director*

Unaudited condensed consolidated interim financial statements

for the six months ended 30 June 2023

Dalata Hotel Group plc

Unaudited condensed consolidated statement of comprehensive income
for the six months ended 30 June 2023

	Note	**6 months ended 30 June 2023 €'000**	6 months ended 30 June 2022 €'000
Continuing operations			
Revenue	*4*	**284,829**	220,248
Cost of sales		**(100,325)**	(76,163)
Gross profit		**184,504**	144,085
Administrative expenses	*5*	**(110,678)**	(74,398)
Other income		**669**	4,474
Operating profit		**74,495**	74,161
Finance costs	*7*	**(24,107)**	(22,154)
Profit before tax		**50,388**	52,007
Tax charge	*9*	**(8,429)**	(5,262)
Profit for the period attributable to owners of the Company		**41,959**	46,745
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property	*11*	**76,754**	82,400
Related deferred tax		**(8,120)**	(9,189)
		68,634	73,211
Items that are or may be reclassified subsequently to profit or loss			
Exchange gain/(loss) on translating foreign operations		**15,521**	(8,654)
(Loss)/gain on net investment hedge		**(6,543)**	6,943
Fair value gain on cash flow hedges		**4,083**	6,689
Cash flow hedges – reclassified to profit or loss		**(2,831)**	652
Related deferred tax		**(313)**	-
		9,917	5,630
Other comprehensive income for the period, net of tax		**78,551**	78,841
Total comprehensive income for the period attributable to owners of the Company		**120,510**	125,586
Earnings per share			
Basic earnings per share	*22*	**18.8 cents**	21.0 cents
Diluted earnings per share	*22*	**18.6 cents**	20.9 cents

Dalata Hotel Group plc

Unaudited condensed consolidated statement of financial position

at 30 June 2023

		30 June 2023	31 December 2022 (Audited)
Assets	*Note*	**€'000**	€'000
Non-current assets			
Intangible assets and goodwill	*10*	**31,096**	31,054
Property, plant and equipment	*11*	**1,581,776**	1,427,447
Right-of-use assets	*12*	**653,295**	658,101
Investment property		**1,999**	2,007
Derivative assets	*7*	**10,264**	6,825
Deferred tax assets	*19*	**20,311**	21,271
Other receivables	*13*	**5,970**	3,387
Total non-current assets		**2,304,711**	2,150,092
Current assets			
Derivative assets	*7*	**2,705**	4,892
Trade and other receivables	*13*	**39,686**	30,263
Inventories		**2,107**	2,342
Cash and cash equivalents		**114,360**	91,320
Total current assets		**158,858**	128,817
Total assets		**2,463,569**	2,278,909
Equity			
Share capital	*21*	**2,234**	2,229
Share premium	*21*	**505,004**	504,910
Capital contribution		**25,724**	25,724
Merger reserve		**81,264**	81,264
Share-based payment reserve		**6,123**	5,011
Hedging reserve		**9,727**	8,788
Revaluation reserve		**448,168**	379,534
Translation reserve		**(8,257)**	(17,235)
Retained earnings		**276,997**	232,541
Total equity		**1,346,984**	1,222,766
Liabilities			
Non-current liabilities			
Loans and borrowings	*18*	**265,227**	193,488
Lease liabilities	*12*	**646,802**	641,444
Deferred tax liabilities	*19*	**80,788**	71,022
Provision for liabilities	*15*	**7,547**	7,165
Accruals	*14*	**469**	239
Total non-current liabilities		**1,000,833**	913,358
Current liabilities			
Lease liabilities	*12*	**9,905**	10,347
Trade and other payables	*14*	**91,494**	118,818
Current tax liabilities		**12,496**	11,606
Provision for liabilities	*15*	**1,857**	2,014
Total current liabilities		**115,752**	142,785
Total liabilities		**1,116,585**	1,056,143
Total equity and liabilities		**2,463,569**	2,278,909

Dalata Hotel Group plc

Unaudited condensed consolidated statement of changes in equity

for the six months ended 30 June 2023

	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	Revaluation reserve €'000	Translation reserve €'000	Retained earnings €'000	Total €'000
At 1 January 2023	**2,229**	**504,910**	**25,724**	**81,264**	**5,011**	**8,788**	**379,534**	**(17,235)**	**232,541**	**1,222,766**
Comprehensive income:										
Profit for the period	-	-	-	-	-	-	-	-	41,959	41,959
Other comprehensive income										
Exchange difference on translating foreign operations	-	-	-	-	-	-	-	15,521	-	15,521
Loss on net investment hedge	-	-	-	-	-	-	-	(6,543)		(6,543)
Revaluation of property	-	-	-	-	-	-	76,754	-	-	76,754
Fair value movement on cash flow hedges	-	-	-	-	-	4,083	-	-	-	4,083
Cash flow hedges – reclassified to profit or loss	-	-	-	-	-	(2,831)	-	-	-	(2,831)
Related deferred tax	-	-	-	-	-	(313)	(8,120)	-	-	(8,433)
Total comprehensive income for the period	-	-	-	-	-	939	68,634	8,978	41,959	120,510
Transactions with owners of the Company:										
Equity-settled share-based payments	-	-	-	-	3,609	-	-	-	-	3,609
Transfer from share-based payment reserve to retained earnings	-	-	-	-	(2,497)	-	-	-	2,497	-
Vesting of share awards and options	5	94	-	-	-	-	-	-	-	99
Total transactions with owners of the Company	5	94	-	-	1,112	-	-	-	2,497	3,708
At 30 June 2023	**2,234**	**505,004**	**25,724**	**81,264**	**6,123**	**9,727**	**448,168**	**(8,257)**	**276,997**	**1,346,984**

Dalata Hotel Group plc

Unaudited condensed consolidated statement of changes in equity

for the six months ended 30 June 2022

	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**	**Revaluation reserve €'000**	**Translation reserve €'000**	**Retained earnings €'000**	**Total €'000**
At 1 January 2022	2,229	504,895	25,724	81,264	3,085	(197)	212,572	(6,572)	134,413	**957,413**
Comprehensive income:										
Profit for the period	-	-	-	-	-	-	-	-	46,745	**46,745**
Other comprehensive income										
Exchange difference on translating foreign operations	-	-	-	-	-	-	-	(8,654)	-	**(8,654)**
Gain on net investment hedge	-	-	-	-	-	-	-	6,943	-	**6,943**
Revaluation of property	-	-	-	-	-	-	82,400	-	-	**82,400**
Fair value movement on cash flow hedges	-	-	-	-	-	6,689	-	-	-	**6,689**
Cash flow hedges – reclassified to profit or loss	-	-	-	-	-	652	-	-	-	**652**
Related deferred tax	-	-	-	-	-	-	(9,189)	-	-	**(9,189)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**7,341**	**73,211**	**(1,711)**	**46,745**	**125,586**
Transactions with owners of the Company:										
Equity-settled share-based payments	-	-	-	-	1,186	-	-	-	-	**1,186**
Transfer from share-based payment reserve to retained earnings	-	-	-	-	(1,563)	-	-	-	1,563	**-**
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**(377)**	**-**	**-**	**-**	**1,563**	**1,186**
At 30 June 2022	**2,229**	**504,895**	**25,724**	**81,264**	**2,708**	**7,144**	**285,783**	**(8,283)**	**182,721**	**1,084,185**

Dalata Hotel Group plc

Unaudited condensed consolidated statement of cash flows
for the six months ended 30 June 2023

	6 months ended 30 June 2023 €'000	6 months ended 30 June 2022 €'000
Cash flows from operating activities		
Profit for the period	**41,959**	46,745
Adjustments for:		
Depreciation of property, plant and equipment	**15,086**	13,910
Depreciation of right-of-use assets	**14,875**	13,038
Amortisation of intangible assets	**327**	274
Net property revaluation movements through profit or loss	**(1,998)**	(17,907)
Net impairment charge of right-of-use assets	**-**	2,395
Net reversal of previous impairment charges of fixtures, fittings and equipment	**-**	(370)
Gain on disposal of property, plant and equipment	**-**	(3,877)
Share-based payments expense	**3,609**	1,186
Interest on lease liabilities	**20,915**	17,816
Other interest and finance costs	**3,192**	4,338
Tax charge	**8,429**	5,262
	106,394	82,810
(Decrease)/increase in trade and other payables and provision for liabilities	**(29,845)**	42,023
Increase in current and non-current trade and other receivables	**(8,581)**	(24,650)
Decrease/(increase) in inventories	**235**	(427)
Tax (paid)/refunded	**(6,189)**	599
Net cash from operating activities	**62,014**	100,355
Cash flows from investing activities		
Purchase of property, plant and equipment	**(71,044)**	(16,592)
Deposit paid on acquisition	**(3,093)**	-
Contract fulfilment cost payments	**(1,285)**	(2,921)
Costs paid on entering new leases and agreements for lease	**(275)**	(9,634)
Proceeds from disposal of property, plant and equipment	**-**	24,258
Purchase of intangible assets	**-**	(202)
Net cash used in investing activities	**(75,697)**	(5,091)
Cash flows from financing activities		
Receipt of bank loans	**94,196**	11,973
Repayment of bank loans	**(29,000)**	(40,783)
Repayment of lease liabilities	**(5,162)**	(5,182)
Interest paid on lease liabilities	**(20,915)**	(17,816)
Other interest and finance costs paid	**(3,444)**	(7,447)
Proceeds from vesting of share awards and options	**99**	-
Net cash from/(used in) financing activities	**35,774**	(59,255)
Net increase in cash and cash equivalents	**22,091**	36,009
Cash and cash equivalents at beginning of period	**91,320**	41,112
Effect of movements in exchange rates	**949**	(1,052)
Cash and cash equivalents at end of period	**114,360**	76,069

Dalata Hotel Group plc

Notes to the unaudited condensed consolidated interim financial statements

1 General information and basis of preparation

Dalata Hotel Group plc ('the Company') is a company registered in the Republic of Ireland. The unaudited condensed consolidated financial statements for the six month period ended 30 June 2023 (the 'Interim Financial Statements') include the Company and its subsidiaries (together referred to as the 'Group'). The Interim Financial Statements were authorised for issue by the Directors on 28 August 2023.

These unaudited Interim Financial Statements have been prepared by Dalata Hotel Group plc in accordance with IAS 34 *Interim Financial Reporting* ('IAS 34') as adopted by the European Union ('EU'). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since 31 December 2022. They should be read in conjunction with the consolidated financial statements of Dalata Hotel Group plc, which were prepared in accordance with IFRS as adopted by the EU, as at and for the year ended 31 December 2022.

These Interim Financial Statements are presented in Euro, rounded to the nearest thousand, which is the functional currency of the parent company and the presentation currency for the Group's financial reporting.

The preparation of Interim 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. In preparing these Interim Financial Statements, the critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

The Interim Financial Statements do not constitute statutory financial statements. The statutory financial statements for the year ended 31 December 2022, together with the independent auditor's report thereon, have been filed with the Companies Registration Office and are available on the Company's website www.dalatahotelgroup.com. The auditor's report on those financial statements was not qualified and did not contain an emphasis of matter paragraph.

Going concern

The Directors have assessed the Group's ability to continue in operational existence for the foreseeable future by preparing detailed financial forecasts and carrying out stress testing on projections. Current base and stress tested projections show compliance with all covenants at all future testing dates and significant levels of headroom. The Group remains in a very strong financial position with significant financial headroom. The six month period ended 30 June 2023 saw the Group continue its execution of its growth strategy.

Cashflow remains strong with net cash generated from operating activities in the period of €62.0 million (period ended 30 June 2022: €100.4 million). €34.8 million of warehoused tax liabilities which were deferred, under the warehousing of tax liabilities legislation during the Covid-19 pandemic, were paid during the period. Excluding this amount, net cash generated from operating activities is €96.8 million. At 30 June 2023, cash and undrawn facilities are €413.9 million (31 December 2022: €455.7 million).

The Group is in full compliance with its covenants at 30 June 2023. The key covenants relate to Net Debt to EBITDA (as defined in the Group's bank facility agreement which is equivalent to Net Debt to EBITDA after rent) (APM (viii)) and Interest Cover (APM (xix)). At 30 June 2023, the Net Debt to EBITDA covenant limit is 4.0x and the Interest Cover minimum is 4.0x and will remain at these levels under the current facility agreements until the facility expires in October 2025. The Net Debt to EBITDA after rent for the Group at 30 June 2023 is 1.0x (31 December 2022: 0.8x) and interest cover is 18.3x (31 December 2022: 11.3x). The Group also monitors its Debt and Lease Service cover (APM (xv)), which is 3.1x for the twelve month period ended 30 June 2023 (31 December 2022: 3.1x).

1 General information and basis of preparation *(continued)*

Going concern *(continued)*

The Directors have considered the above, with all available information and the current liquidity and capital position, in assessing the going concern of the Group. On the basis of these judgements, the Directors have prepared these Interim Financial Statements on a going concern basis. Furthermore, they do not believe there is any material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

2 Significant accounting policies

The accounting policies applied in these Interim Financial Statements are consistent with those applied in the consolidated financial statements as at and for the year ended 31 December 2022.

The following standards and amendments were effective for the Group for the first time from 1 January 2023:

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 - Classification of Liabilities as Current or Non - Current
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimate
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The above standards and amendments had no material impact on the Interim Financial Statements.

3 Seasonality

In a typical year, hotel revenue and operating profit are driven by seasonal factors such as July and August being typically the busiest months in the operating cycle. Due to the impact of Covid-19 restrictions and related government grants on the Group, typical patterns of seasonality were slightly disrupted during the period ended 30 June 2022, however, the Group has returned to a more normalised basis of trading for the period ended 30 June 2023.

4 Operating segments

The Group's 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 Executive Directors.

The Group segments its leased and owned business by geographical region within which the hotels operate being Dublin, Regional Ireland and the UK. These comprise the Group's three reportable segments. Given its scale and immateriality in the context of the other regions, Clayton Hotel Düsseldorf, which is the Group's first hotel outside of the Republic of Ireland and the UK, has been included within the Dublin region for the purpose of these Interim Financial Statements.

Dublin, Regional Ireland and UK segments

These segments are concerned with hotels that are either owned or leased by the Group. As at 30 June 2023, the Group owns 27 hotels which it operates (31 December 2022: 27 hotels, 30 June 2022: 26 hotels) and has effective ownership of one further hotel which it operates (31 December 2022: one hotel, 30 June 2022: one hotel). As at 30 June 2023, the Group also owns Maldron Hotel Finsbury Park which was acquired during the period and was under construction at that date; this hotel became available for use in July 2023. The Group also owns the majority of one further hotel it operates (31 December 2022: one hotel, 30 June 2022: one hotel.)

4 Operating segments *(continued)*

The Group also leases 18 hotel buildings from property owners (31 December 2022: 18 hotels, 30 June 2022: 17 hotels) and is entitled to the benefits and carries the risks associated with operating these hotels.

The Group's revenue from leased and owned hotels is primarily derived from room sales and food and beverage sales in restaurants, bars and banqueting. The main costs arising are payroll, cost of goods for resale, commissions paid on room sales, other operating costs, and, in the case of leased hotels, variable lease costs (where linked to turnover or profit) payable to lessors.

Revenue

	6 months ended 30 June 2023 €'000	6 months ended 30 June 2022 €'000
Dublin	**149,424**	110,659
Regional Ireland	**52,567**	42,861
UK	**82,838**	66,728
Total revenue	**284,829**	220,248

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 (including Clayton Hotel Düsseldorf), (ii) Regional Ireland and (iii) the UK.

4 Operating segments *(continued)*

	6 months ended 30 June 2023 €'000	6 months ended 30 June 2022 €'000
Segmental results – EBITDAR		
Dublin	**68,911**	54,313
Regional Ireland	**15,901**	14,773
UK	**30,787**	21,258
EBITDAR for reportable segments	**115,599**	90,344
Segmental results – EBITDA		
Dublin	**67,401**	53,256
Regional Ireland	**15,838**	14,724
UK	**30,513**	20,991
EBITDA for reportable segments	**113,752**	88,971
Reconciliation to results for the period		
Segments EBITDA	**113,752**	88,971
Other income (excluding gain on disposal of property, plant and equipment)	**669**	597
Central costs	**(7,367)**	(4,886)
Share-based payments expense	**(3,609)**	(1,186)
Adjusted EBITDA	**103,445**	83,496
Net property revaluation movements through profit or loss	**1,998**	17,907
Net impairment charge of right-of-use assets	**-**	(2,395)
Net reversal of previous impairment charges of fixtures, fittings and equipment	**-**	370
Gain on disposal of property, plant and equipment	**-**	3,877
Hotel pre-opening expenses	**(660)**	(1,872)
Group EBITDA	**104,783**	101,383
Depreciation of property, plant and equipment	**(15,086)**	(13,910)
Depreciation of right-of-use assets	**(14,875)**	(13,038)
Amortisation of intangible assets	**(327)**	(274)
Interest on lease liabilities	**(20,915)**	(17,816)
Other interest and finance costs	**(3,192)**	(4,338)
Profit before tax	**50,388**	52,007
Tax charge	**(8,429)**	(5,262)
Profit for the period	**41,959**	46,745

4 Operating segments *(continued)*

Group EBITDA represents earnings before interest on lease liabilities, other interest and finance costs, tax, depreciation of property, plant and equipment and right-of-use assets and amortisation of intangible assets.

Adjusted EBITDA is presented as an alternative performance measure to show the underlying operating performance of the Group excluding items which are not reflective of normal trading activities or distort comparability either period on period or with other similar businesses. Consequently, Adjusted EBITDA represents Group EBITDA before:

- Net property revaluation movements through profit or loss (note 5);
- Net impairment charge of right-of-use assets;
- Net reversal of previous impairment charges of fixtures, fittings, and equipment;
- Gain on disposal of property, plant and equipment. This relates to the gain on the sale of the Clayton Crown Hotel in June 2022; and
- Hotel pre-opening expenses, which relate primarily to payroll expenses, sales and marketing costs and training costs of new staff, that are incurred by the Group in advance of new hotel openings.

The line item 'central costs' primarily includes costs of the Group's central functions including operations support, technology, sales and marketing, human resources, finance, corporate services and business development. Share-based payments expense is presented separately from central costs as this expense relates to employees across the Group.

'Segmental results – EBITDA' for Dublin, Regional Ireland and UK represents the 'Adjusted EBITDA' for each region before central costs, share-based payments expense and other income. It is the net operational contribution of leased and owned hotels in each geographical location.

'Segmental results – EBITDAR' for Dublin, Regional Ireland and UK represents 'Segmental results – EBITDA' before variable lease costs.

Given its scale and immateriality (less than 4% of total Group Revenue) in the context of the other regions, Clayton Hotel Düsseldorf, which is the Group's first hotel outside of the Republic of Ireland and the UK, has been included within the Dublin region for the purpose of these Interim Financial Statements.

Disaggregated revenue information

Disaggregated revenue is reported in the same way as it is reviewed and analysed internally by the chief operating decision makers, primarily the Executive Directors. The key components of revenue reviewed by the chief operating decision makers are:

- Room revenue which relates to the rental of rooms in each hotel. Revenue is recognised when the hotel room is occupied, and the service is provided;
- Food and beverage revenue which relates to sales of food and beverages at the hotel property. This revenue is recognised at the point of sale; and
- Other revenue includes revenue from leisure centres, car parks, meeting room hire and other revenue sources at the hotels. Leisure centre revenue is recognised over the life of the membership while the other items are recognised when the service is provided.

4 Operating segments *(continued)*

Disaggregated revenue information *(continued)*

	6 months ended 30 June 2023 €'000	6 months ended 30 June 2022 €'000
Revenue review by segment – Dublin		
Room revenue	**112,702**	82,701
Food and beverage revenue	**26,640**	20,578
Other revenue	**10,082**	7,380
Total revenue	**149,424**	110,659
Revenue review by segment – Regional Ireland		
Room revenue	**33,683**	26,889
Food and beverage revenue	**14,253**	12,116
Other revenue	**4,631**	3,856
Total revenue	**52,567**	42,861
Revenue review by segment – UK		
Room revenue	**64,589**	50,867
Food and beverage revenue	**13,892**	12,181
Other revenue	**4,357**	3,680
Total revenue	**82,838**	66,728

4 Operating segments *(continued)*

Other geographical information

Clayton Hotel Düsseldorf, which is the Group's first hotel outside of the Republic of Ireland and the UK, has been included within the Republic of Ireland due to its immateriality (less than 4% of total Group Revenue).

Revenue	**6 months ended 30 June 2023**			6 months ended 30 June 2022		
	Republic of Ireland €'000	**UK €'000**	**Total €'000**	Republic of Ireland €'000	UK €'000	Total €'000
Owned hotels	**132,461**	**40,554**	**173,015**	103,094	37,391	140,485
Leased hotels	**69,530**	**42,284**	**111,814**	50,426	29,337	79,763
Total revenue	**201,991**	**82,838**	**284,829**	153,520	66,728	220,248

Segments EBITDAR	**6 months ended 30 June 2023**			6 months ended 30 June 2022		
	Republic of Ireland €'000	**UK €'000**	**Total €'000**	Republic of Ireland €'000	UK €'000	Total €'000
Owned hotels	**54,952**	**16,444**	**71,396**	47,120	12,923	60,043
Leased hotels	**29,860**	**14,343**	**44,203**	21,966	8,335	30,301
Total Segments EBITDAR	**84,812**	**30,787**	**115,599**	69,086	21,258	90,344

	6 months ended 30 June 2023			6 months ended 30 June 2022		
	Republic of Ireland €'000	**UK €'000**	**Total €'000**	Republic of Ireland €'000	UK €'000	Total €'000
Variable lease costs	**1,573**	**274**	**1,847**	1,106	267	1,373
Depreciation of property, plant and equipment	**10,282**	**4,804**	**15,086**	9,015	4,895	13,910
Depreciation of right-of-use assets	**9,311**	**5,564**	**14,875**	8,278	4,760	13,038
Interest on lease liabilities	**10,518**	**10,397**	**20,915**	9,371	8,445	17,816

5 Administrative expenses

	6 months ended 30 June 2023 €'000	6 months ended 30 June 2022 €'000
Other administrative expenses	**64,695**	50,155
Government grants	**(723)**	(3,224)
Net property revaluation movements through profit or loss*	**(1,998)**	(17,907)
Depreciation of property, plant and equipment (note 11)	**15,086**	13,910
Depreciation of right-of-use assets (note 12)	**14,875**	13,038
Net impairment charges of right-of-use assets	**-**	2,395
Net reversal of previous impairment charges of fixtures, fittings and equipment	**-**	(370)
Hotel pre-opening expenses (note 4)	**660**	1,872
Variable lease costs	**1,847**	1,373
Amortisation of intangible assets (note 10)	**327**	274
Utilities – electricity and gas	**15,909**	12,882
	110,678	74,398

Other administrative expenses include costs related to payroll, marketing and general administration. The increase in other administrative expenses for the period ended 30 June 2023, relative to the same period in the prior year, is primarily due to improved trade and the impact of the new hotels opened in 2022.

During the period ended 30 June 2023, the Group availed of government grants totalling €0.7 million which have been offset against the related costs of €0.7 million in administrative expenses in profit of loss (30 June 2022: €3.2 million).

In 2023, these government grants relate to the Temporary Business Energy Support Scheme (TBESS) in Ireland for the first quarter of 2023.

During the period ended 30 June 2022, the Group received wage subsidies from the Irish government amounting to €10.5 million in the form of the Employment Wage Subsidy Scheme (EWSS). The EWSS was available to employers who suffered significant reductions in turnover as a result of the Covid-19 restrictions. The Group availed of the EWSS scheme from 1 January 2022 to 22 May 2022, at which point the scheme ended. €8.8m of this was offset against cost of sales, with €1.7m offset against administrative expenses. The Group also availed of other government grant schemes totalling €1.5 million, including but not limited to the Covid Restrictions Support Scheme and the Failte Ireland Tourism Accommodation Providers Continuity Scheme, which have also been offset against administrative expenses.

*Net property revaluation movements through profit or loss relate to the net reversal of revaluation losses on land and buildings of €2.02 million (30 June 2022: €17.93 million) through profit or loss (note 11) offset by a €0.02 million (30 June 2022: €0.02 million) fair value loss on investment property.

6 Impairment

At 30 June 2023, as a result of the carrying amount of the net assets of the Group being more than its market capitalisation (market capitalisation is calculated by multiplying the share price on that date by the number of shares in issue), the Group tested each cash generating unit ('CGU') for impairment as this was deemed to be a potential impairment indicator. Market capitalisation can be influenced by a number of different market factors and uncertainties including wider market sentiment. In addition, share prices reflect a discount due to lack of control rights.

Impairment arises where the carrying value of the CGU (which includes, where relevant, revalued properties and/or right-of-use assets, allocated goodwill, fixtures, fittings and equipment) exceeds its recoverable amount on a value in use ('VIU') basis. Each individual hotel is considered to be a CGU for the purposes of impairment testing.

At 30 June 2023, the recoverable amounts of the Group's CGUs were based on VIU, determined by discounting the estimated future cash flows generated from the continuing use of these hotels. VIU cash flow projections are prepared for each CGU and then compared against the carrying value of the assets, including goodwill, land and buildings, fixtures, fittings and equipment and right-of-use assets, in that CGU.

The VIU estimates were based on the following key assumptions:

- Cash flow projections are based on operating results and forecasts prepared by management covering a ten year period in the case of freehold properties. This period was chosen due to the nature of the hotel assets and is consistent with the valuation basis used by independent external property valuers when performing their hotel valuations (note 11). For CGUs with right-of-use assets, the lease term was used;
- Revenue and EBITDA projections are based on management's best estimate projections as at 30 June 2023. Forecasted revenue and EBITDA are based on expectations of future outcomes taking into account the macro-environment, current earnings, past experience and adjusted for anticipated revenue and cost growth;
- Cash flow projections assume a long-term compound annual growth rate of 2% (31 December 2022: 2%) in EBITDA for CGUs in the Republic of Ireland and 2.5% (31 December 2022: 2.5%) in the UK;
- Cash flows include an average annual capital outlay on maintenance for the hotels dependent on the condition of the hotel or typically 4% of revenues but assume no enhancements to any property;
- In the case of CGUs with freehold properties, the VIU calculations also include a terminal value based on terminal (year 10) capitalisation rates consistent with those used by the external property valuers which incorporates a long-term growth rate of 2% (31 December 2022: 2%) for Irish and 2.5% for UK properties (31 December 2022: 2.5%);
- The cash flows are discounted using a risk adjusted discount rate specific to each property. Risk adjusted discount rates of 8.5% to 11.5% for Dublin assets (31 December 2022: 8.5% to 11.25%), 10% to 12.75% for Regional Ireland assets (31 December 2022: 9.75% to 12.5%), 7.5% to 13% for UK assets (31 December 2022: 7.5% to 13%) have been used; and
- The values applied to each of these key assumptions are derived from a combination of internal and external factors based on historical experience of the valuers and of management and taking into account the stability of cash flows typically associated with these factors.

At 30 June 2023, the carrying value of the Group's CGUs did not exceed their recoverable amount and no impairment was required following assessment. No impairment reversals relating to right-of-use assets (note 12) and fixtures, fittings and equipment (note 11), were recognised at 30 June 2023.

7 Finance costs

	6 months ended 30 June 2023 €'000	6 months ended 30 June 2022 €'000
Interest on lease liabilities (note 12)	**20,915**	17,816
Interest expense on bank loans and borrowings	**5,948**	3,947
Cash flow hedges – reclassified from other comprehensive income	**(2,831)**	652
Net foreign exchange loss on financing activities	**154**	202
Other finance costs	**763**	1,153
Interest capitalised to property, plant and equipment (note 11)	**(842)**	(1,259)
Interest capitalised to contract fulfilment costs	**-**	(357)
	24,107	22,154

The Group uses interest rate swaps to convert the interest rate on part of its debt from floating rate to fixed rate (note 17). The cash flow hedge amount reclassified from other comprehensive income is shown separately within finance costs and primarily represents the additional interest received or paid by the Group as a result of the interest rate swaps. As at 30 June 2023, the Group has recognised derivative assets, in relation to these interest rate swaps, of €13.0 million (31 December 2022: €11.7 million, 30 June 2022: €7.1 million) as a result of the Group's fixed interest rates being forecast to be lower than the variable interest rates forward curve applicable on sterling borrowings. Interest margins on the Group's borrowings are set with reference to the Net Debt to EBITDA covenant levels and ratchet up or down accordingly.

Other finance costs include commitment fees and other banking and professional fees. Net foreign exchange losses on financing activities relates principally to cash and cash equivalents and loans which did not form part of the net investment hedge (note 17).

Interest on loans and borrowings amounting to €0.8 million (period ended 30 June 2022: €1.3 million) was capitalised to assets under construction on the basis that this cost was directly attributable to the construction of qualifying assets (note 11). The capitalisation rates applied by the Group, which reflected the weighted average interest rates on Sterling denominated borrowings for the period, including the impact of hedges, were 2.8% (30 June 2022: 3.9%).

8 Share-based payments expense

The total share-based payments expense for the Group's employee share schemes charged to profit or loss during the period was €3.6 million (six months ended 30 June 2022: €1.2 million), analysed as follows:

	6 months ended 30 June 2023 €'000	6 months ended 30 June 2022 €'000
Long Term Incentive Plans	**3,336**	1,020
Share Save schemes	**273**	166
	3,609	1,186

Details of the schemes operated by the Group are set out hereafter:

Long Term Incentive Plans

Awards granted
During the period ended 30 June 2023, the Board approved the conditional grant of 1,552,080 ordinary shares 'the Award' pursuant to the terms and conditions of the Group's 2017 Long Term Incentive Plan ('the 2017 LTIP'). The Award was granted to senior employees across the Group (120 in total). Vesting of the Award is based on two independently assessed performance targets, 50% based on total shareholder return 'TSR' and 50% based on Free Cashflow Per Share 'FCPS'. The performance period of this Award is 1 January 2023 to 31 December 2025.

Threshold performance for the TSR condition is a performance measure against a bespoke comparator group of 20 listed peer companies in the travel and leisure sector, with threshold 25% vesting if the Group's TSR over the performance period is ranked at the median compared to the TSR of the comparator group. If the Group's TSR performance is at or above the upper quartile compared to the comparator group, the remaining 75% of that portion of the award will vest, with pro-rota vesting on a straight-line basis for performance in between these thresholds.

Threshold performance (25% vesting) for the FCPS condition, which is a non-market-based performance condition, is based on the achievement of FCPS of €0.498, as disclosed in the Group's 2025 audited consolidated financial statements, with 100% vesting for FCPS of €0.608 or greater. The FCPS based portion of the Award will vest on a straight-line basis for performance between these thresholds. FCPS targets may be amended in restricted circumstances if an event occurs which causes the Remuneration Committee to determine an amended or substituted performance condition would be more appropriate and not materially more or less difficult to satisfy. Participants are also entitled to receive a dividend equivalent amount in respect of their Awards.

In addition to the above, the Board approved the conditional grant of 22,719 shares pursuant to the terms and conditions of the 2017 LTIP in May 2023. Performance criteria in relation to this additional award is the same as that originally set out for the awards granted on 2 March 2022.

8 Share-based payments expense *(continued)*

Long Term Incentive Plans *(continued)*

Movements in the number of share awards are as follows:

	6 months ended 30 June 2023	Year ended 31 December 2022
	Number of awards	Number of awards
Outstanding at the beginning of the period/year	**4,837,170**	4,344,481
Granted during the period/year	**1,574,799**	1,443,764
Forfeited during the period/year	**(52,910)**	(128,294)
Lapsed unvested during the period/year	**(1,733,533)**	(822,781)
Exercised during the period/year	**(535,634)**	-
Outstanding at the end of the period/year	**4,089,892**	4,837,170

	6 months ended 30 June 2023	Year ended 31 December 2022
Grant date	**Number of awards**	Number of awards
March 2020	**-**	2,022,523
March 2021	**1,099,661**	1,115,183
December 2021	**-**	255,700
March 2022	**1,427,175**	1,443,764
March 2023	**1,540,337**	-
May 2023	**22,719**	-
Outstanding at the end of the period/year	**4,089,892**	4,837,170

Awards vested

During the period ended 30 June 2023, the Company issued 281,734 ordinary shares on foot of the vesting of awards granted in March 2020 under the terms of the 2017 LTIP. In order to ensure a like-for-like assessment with the basis on which the targets were set at the start of 2020, the Company assessed EPS performance a) excluding the number of shares issued as part of the placing in September 2020 and b) including the impact of the interest charge that would have accrued if the placing was excluded. Adjusted EPS performance was accordingly determined to be €0.458, resulting in a vesting outcome of 37.27% for the portion of the award based on adjusted performance (i.e. 18.64% of the overall award). This resulted in an additional charge of €0.9 million recognised in the period ended 30 June 2023.

The Company also considered shareholder guidance in relation to 'windfall gains'. The LTIP awards granted in 2020 were granted at a price of €2.4375, which compares to a price of €5.9775 for the 2019 awards. The Company did not make a reduction on the award to reflect this lower share price during the performance period but committed to reviewing the outcome at vesting.

8 Share-based payments expense *(continued)*

Long Term Incentive Plans *(continued)*

The Company carefully considered its approach taking into account the exceptional performance of management in protecting the business while operations were closed during the Covid-19 pandemic, the acceleration of the recovery performance during 2022 and the continued execution of the strategy to build capacity and deliver shareholder value.

The Company believes that the recovery in the share price largely reflects the actions of management rather than a market rebound. However, the Company recognises shareholder views in this area and taking into account the lower grant share price and shareholder guidance in this area, the Company judged that it would be appropriate to exercise its discretion to reduce the level of vesting by 25% from 18.64% to 14%. This has been accounted for as a modification under IFRS 2 *Share-based Payment*. As a result, no adjustment has been made to the calculation of the share-based payment charge in relation to this reduced level of vesting and the Group continued to recognise the full cost of the related share-based payment charge in the statement of comprehensive income.

In total, 281,734 ordinary shares were issued in relation to the vesting of the March 2020 awards. The weighted average share price at the date of exercise of these awards was €4.19.

During the period ended 30 June 2023, the Company issued 253,900 ordinary shares on foot of the vesting of awards granted in December 2021. This award was conditional on relevant employees being in employment at 31 March 2023. The weighted average share price at the date of exercise for these awards was €4.56.

Measurement of fair values

The fair value, at the grant date, of the TSR-based conditional share awards was measured using a Monte Carlo simulation model. Non-market-based performance conditions attached to the awards were not taken into account in measuring fair value at the grant date. The valuation and key assumptions used in the measurement of the fair values at the grant date were as follows:

	March 2023	March 2022
Fair value at grant date for TSR- based awards	**€2.93**	€2.60
Share price at grant date	**€4.30**	€3.90
Exercise price	**€0.01**	€0.01
Expected volatility	**54.8% p.a**	53.0% p.a.
Performance period	**3 years**	3 years
Risk- free rates	**2.78%**	-0.31%

Dividend equivalents accrue on awards that vest up to the time of vesting under the LTIP schemes, and therefore the dividend yield has been set to zero to reflect this. Such dividend equivalents will be released to participants in the form of additional shares on vesting subject to the satisfaction of performance criteria. In the absence of available market-implied and observable volatility, the expected volatility has been estimated based on the historic share price over a three-year period.

8 Share-based payments expense *(continued)*

Measurement of fair values *(continued)*

Awards granted in 2020 included EPS performance conditions, whilst the March 2021, March 2022, March/May 2023 awards include FCPS-related performance conditions. Both of these performance conditions are non-market-based performance conditions and do not impact the fair value of the award at the grant date, which equals the share price less exercise price. Instead, an estimate is made by the Group as to the number of shares which are expected to vest based on satisfaction of the EPS-related performance condition or FCPS-related performance condition, where applicable, and this, together with the fair value of the award at grant date, determines the accounting charge to be spread over the vesting period. The estimate of the number of shares which are expected to vest over the vesting period of the award is reviewed in each reporting period and the accounting charge is adjusted accordingly.

Share Save schemes

During the period ended 30 June 2023, 26,612 ordinary shares were issued on maturity of the share options granted as part of the Share Save scheme in 2019. The weighted average share price at the date of exercise for options exercised during the period ended 30 June 2023 was €4.30.

9 Tax charge

	6 months ended 30 June 2023 €'000	6 months ended 30 June 2022 €'000
Current tax		
Irish corporation tax	**7,057**	5,572
Foreign corporation tax	**-**	8
Deferred tax charge/(credit)	**1,372**	(318)
Tax charge	**8,429**	5,262

The tax charge for the period ended 30 June 2023 of €8.4 million primarily relates to current tax in respect of profits earned in Ireland during the period and deferred tax in respect of the utilisation of losses carried forward from earlier periods, primarily in the UK.

The UK corporation tax rate increased from 19% to 25% on 1 April 2023. This increase in the UK corporation tax rate had been substantively enacted during the year ended 31 December 2021. The majority of UK deferred tax assets and liabilities were remeasured at the 25% rate in prior periods.

The increase in the effective tax rate from 10.1% to 16.7% for the period ended 30 June 2023 relative to the prior period, mainly relates to a higher proportion of income being subject to tax at higher rates during the period ended 30 June 2023. In addition, the impact of the non-taxable gain on the disposal of the Clayton Crown Hotel during the period ended 30 June 2022 reduced the effective income tax rate in that period.

10 Intangible assets and goodwill

	Goodwill €'000	**Other intangible assets €'000**	**Total €'000**
Cost			
Balance at 1 January 2023	79,106	2,797	81,903
Effect of movement in exchange rates	369	-	369
Balance at 30 June 2023	**79,475**	**2,797**	**82,272**
Accumulated amortisation and impairment losses			
Balance at 1 January 2023	(48,947)	(1,902)	(50,849)
Amortisation of intangible assets	-	(327)	(327)
Balance at 30 June 2023	**(48,947)**	**(2,229)**	**(51,176)**
Carrying amounts			
At 30 June 2023	**30,528**	**568**	**31,096**
At 31 December 2022	30,159	895	31,054

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.

At 30 June 2023, goodwill cost figure includes €12.0 million (£10.3 million) which is attributable to goodwill arising on acquisition of foreign operations. Consequently, such goodwill is subsequently retranslated at the closing foreign exchange rate.

The Group tests goodwill annually for impairment or more frequently if there are indicators it may be impaired. The carrying amount of the net assets of the Group being more than its market capitalisation is an indicator of potential impairment and as a result, the Group performed an impairment test of the Group's CGUs as at 30 June 2023 (note 6). As a result of the impairment tests, the Directors concluded that the carrying value of goodwill was not impaired as at 30 June 2023 (31 December 2022: no impairment).

11 Property, plant and equipment

	Land and buildings €'000	Assets under construction €'000	Fixtures, fittings and equipment €'000	Total €'000
At 30 June 2023				
Valuation	1,365,271	-	-	1,365,271
Cost	-	131,530	166,605	298,135
Accumulated depreciation (and impairment charges)*	-	-	(81,630)	(81,630)
Net carrying amount	**1,365,271**	**131,530**	**84,975**	**1,581,776**
At 1 January 2023, net carrying amount	1,281,344	64,556	81,547	1,427,447
Additions	98	64,294	12,066	76,458
Revaluation gains through OCI	76,754	-	-	76,754
Reversal of previous revaluation losses through profit or loss	2,020	-	-	2,020
Capitalised labour costs	88	45	53	186
Capitalised borrowing costs (note 7)	-	842	-	842
Depreciation charge for the period	(5,662)	-	(9,424)	(15,086)
Translation adjustment	10,629	1,793	733	13,155
At 30 June 2023, net carrying amount	**1,365,271**	**131,530**	**84,975**	**1,581,776**

**Accumulated depreciation of buildings is stated after the elimination of depreciation on revaluation, disposals and impairments.*

The carrying value of land and buildings, revalued at 30 June 2023, is €1,365.3 million (31 December 2022: €1,281.3 million). The value of these assets under the cost model is €861.0 million (31 December 2022: €855.4 million).During the period ended 30 June 2023, unrealised revaluation gains of €76.8 million (year ended 31 December 2022: net unrealised revaluation gains of €188.2 million) have been reflected through other comprehensive income and in the revaluation reserve in equity. Reversals of previously recognised revaluation losses in profit or loss of €2.0 million have been reflected in administrative expenses through profit or loss in the period ended 30 June 2023 (year ended 31 December 2022: net reversal of previously recognised revaluation losses in profit or loss of €21.2 million).

Included in land and buildings at 30 June 2023 is land at a carrying value of €539.8 million which is not depreciated (31 December 2022: €463.7 million).

Additions to assets under construction during the period ended 30 June 2023 primarily relate to the acquisition and further investment in Maldron Hotel Finsbury Park required to bring the property into use (€55.1 million) and the development expenditure incurred on the construction of Maldron Hotel Shoreditch, London.

The Group subsequently opened Maldron Hotel Finsbury Park on 11 July 2023 (note 23) and reclassified the related costs from assets under construction to land and buildings and fixtures, fittings, and equipment, once the hotel became available for use.

11 Property, plant and equipment *(continued)*

Measurement of fair value

The value of the Group's property at 30 June 2023 reflects open market valuations carried out as at 30 June 2023 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 Royal Institution of Chartered Surveyors (RICS) Valuation Standards.

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. At 30 June 2023, 29 properties were revalued by independent external valuers engaged by the Group (31 December 2022: 29 properties). Maldron Hotel Finsbury Park was an asset under construction and consequently was not revalued at 30 June 2023.

The principal valuation technique used by the independent external valuers engaged by the Group 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). Valuers' forecast cash flow included in these calculations represents the expectations of the valuers for EBITDA (driven by revenue per available room ('RevPAR') calculated as total rooms revenue divided by rooms available) for the property and also takes account of the expectations of a prospective purchaser. It also includes their expectation for capital expenditure which the valuers, typically, assume as approximately 4% of revenue per annum. This does not always reflect the profile of actual capital expenditure incurred by the Group. On specific assets, refurbishments are, by nature, periodic rather than annual. Valuers' expectations of EBITDA are based on their trading forecasts (benchmarked against competition, market and actual performance). 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 final valuation also includes a deduction of full purchaser's costs based on the valuers' estimates at 9.96% for assets located in the Republic of Ireland (31 December 2022: 9.96%) and 6.8% for assets located in the UK (31 December 2022: 6.8%).

The significant unobservable inputs are:

- Valuers' forecast cash flow;
- Risk adjusted discount rates and terminal (year 10) capitalisation rates which are specific to each property.
- Dublin:
  - Risk adjusted discount rates range between 8.50% and 11.50% (31 December 2022: 8.50% and 11.25%).
  - Weighted average risk adjusted discount rate is 9.55% (31 December 2022: 9.56%).
  - Terminal capitalisation rates range between 6.50% and 9.50% (31 December 2022: 6.50% and 9.25%).
- Regional Ireland:
  - Risk adjusted discount rates range between 10.00% and 12.75% (31 December 2022: 9.75% and 12.50%).
  - Weighted average risk adjusted discount rate is 11.10% (31 December 2022: 10.75%).
  - Terminal capitalisation rates range between 8.00% and 10.75% (31 December 2022: 7.75% and 10.50%).
- UK:
  - Risk adjusted discount rates range between 7.50% and 13.00% (31 December 2022: 7.50% and 13.00%).
  - Weighted average risk adjusted discount rate is 9.62% (31 December 2022: 9.47%).
  - Terminal capitalisation rates range between 5.00% and 10.50% (31 December 2022: 5.00% and 10.50%).

11 Property, plant and equipment *(continued)*

Measurement of fair value *(continued)*

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

- Valuers' forecast cash flow was higher or lower than expected; and/or
- The risk adjusted discount rate and terminal capitalisation rate was higher or lower.

Valuations also had regard to relevant price per key metrics from hotel sales activity.

The property revaluation exercise carried out by the Group's external valuers is a complex exercise, which not only takes into account their future earnings estimate for the hotels, but also a number of other factors, including and not limited to, market conditions, comparable hotel sale transactions, inflation and the underlying value of an asset. Consequently, the individual inputs may change from the prior period or may look individually unusual and therefore must be considered as a whole in the context of the overall valuation. As a result, it is not possible for the Group to perform a quantitative sensitivity for a change in the property values. A change in an individual quantitative variable would not necessarily lead to an equivalent change in the overall outcome and would require the application of judgement of the valuers in terms of how the variable change could potentially impact on overall valuations.

12 Leases

The Group leases property assets, which includes land and buildings and related fixtures and fittings, and other equipment relating to vehicles, machinery, and IT equipment. Information about leases for which the Group is a lessee is presented below:

Right-of-use assets	**Period ended 30 June 2023 €'000**	Year ended 31 December 2022 €'000
Net book value at start of period/year	**658,101**	491,869
Additions	-	195,497
Depreciation charge for the period/year	(14,875)	(27,503)
Remeasurement of lease liabilities	-	10,441
Reversal of previous impairment charges	-	4,101
Translation adjustment	10,069	(16,304)
Net book value at end of period/year	**653,295**	658,101

Right-of-use assets comprise of leased assets that do not meet the definition of investment property. Right-of-use assets primarily reflect leased property assets. The carrying value of right-of-use assets related to other equipment at 30 June 2023 reflected in the above total is €0.3 million (31 December 2022: €0.3 million).

As a result of the impairment assessments carried out as at 30 June 2023 (note 6), the recoverable amount of all CGUs was deemed higher than the carrying value, therefore, no impairments of right-of-use assets were required.

12 Leases *(continued)*

Lease liabilities	**Period ended 30 June 2023 €'000**	Year ended 31 December 2022 €'000
Current	10,347	10,049
Non-current	641,444	471,877
Lease liabilities at start of period/year	**651,791**	481,926
Additions	-	185,061
Interest on lease liabilities (note 7)	20,915	38,101
Lease payments	(26,077)	(47,425)
Remeasurement of lease liabilities	-	10,427
Translation adjustment	10,078	(16,299)
Lease liabilities at end of period/year	**656,707**	651,791
Current	9,905	10,347
Non-current	646,802	641,444
Lease liabilities at end of period/year	**656,707**	651,791

Subsequent to the period end, in July 2023, the Group acquired the long leasehold interest of the Apex Hotel London Wall, which was subsequently re-branded Clayton Hotel London Wall, with 107 years remaining on the lease (note 23).

The lease of Maldron Hotel Dublin Airport is due to mature in quarter one 2024.

Additions during the year ended 31 December 2022 related to the Group entering leases for three hotels in the United Kingdom (Maldron Hotel Manchester City Centre, Clayton Hotel Bristol City, and Clayton Hotel Glasgow), one hotel in Dublin (The Samuel Hotel), one hotel in Germany (Clayton Hotel Düsseldorf) and a lease for the new central office location in Dublin. These additions resulted in the recognition of total lease liabilities of €185.1 million and total right-of-use assets of €195.5 million.

During the year ended 31 December 2022, lease amendments, which were not included in the original lease agreements were made to three of the Group's leases. These were treated as a modification of lease liabilities and resulted in a decrease of €2.8 million to lease liabilities and right-of-use assets. In addition, following agreed rent reviews and rent adjustments, which formed part of the original lease agreements, certain of the Group's leases were reassessed during the year ended 31 December 2022. This resulted in an increase in lease liabilities and related right-of-use assets of €13.4 million. The termination of one of the Group's leases also resulted in a decrease in lease liabilities and related right-of-use assets of €0.2 million.

12 Leases *(continued)*

Non-cancellable undiscounted lease cash flows payable under lease contracts are set out below:

	At 30 June 2023			At 31 December 2022		
	Republic of Ireland and Other	**UK**	**Total**	Republic of Ireland and Other	UK	Total
	€'000	**£'000**	**€'000**	€'000	£'000	€'000
6 months/year ending 31 December 2023	**15,165**	**9,570**	**26,315**	30,054	19,267	51,777
During the year 2024	**28,477**	**19,208**	**50,857**	28,482	19,208	50,139
During the year 2025	**28,405**	**19,280**	**50,868**	28,419	19,280	50,157
During the year 2026	**28,517**	**19,373**	**51,089**	28,522	19,373	50,365
During the year 2027	**28,789**	**19,831**	**51,895**	28,802	19,831	51,161
During the year 2028	**28,882**	**19,945**	**52,120**	28,900	19,945	51,388
During the years 2029 – 2038	**280,139**	**207,880**	**522,344**	280,139	207,880	514,519
During the years 2039 – 2048	**160,669**	**226,213**	**424,235**	160,671	226,213	415,723
From 2049 onwards	**71,432**	**152,399**	**248,995**	71,432	152,399	243,260
	670,475	**693,699**	**1,478,718**	685,421	703,396	1,478,489

Clayton Hotel Düsseldorf has been included within the Republic of Ireland and Other region for the period ended 30 June 2023 and 31 December 2022.

Sterling amounts have been converted using the closing foreign exchange rate of 0.85828 as at 30 June 2023 (0.88693 as at 31 December 2022).

The weighted average lease life of future minimum rentals payable under leases is 29.5 years (31 December 2022: 29.8 years). Lease liabilities are monitored within the Group's treasury function.

The actual cash flows will depend on the composition of the Group's lease portfolio in future years and is subject to change, driven by:

- commencement of new leases;
- modifications of existing leases; and
- reassessments of lease liabilities following periodic rent reviews.

It excludes leases on hotels for which an agreement for lease has been signed.

12 Leases *(continued)*

Unwind of right-of-use assets and release of interest charge

The unwinding of the right-of-use assets and the release of the interest on the lease liabilities through profit or loss over the terms of the leases have been disclosed in the following table:

	Depreciation of right-of-use assets			Interest on lease liabilities		
	Republic of Ireland and Other	UK	Total	Republic of Ireland and Other	UK	Total
	€'000	£'000	€'000	€'000	£'000	€'000
6 months ending 31 December 2023	9,188	4,933	14,935	10,400	9,098	21,000
During the year 2024	16,478	9,754	27,843	20,434	18,155	41,587
During the year 2025	16,385	9,754	27,750	19,954	18,086	41,026
During the year 2026	16,374	9,409	27,336	19,441	18,011	40,426
During the year 2027	16,107	9,189	26,813	18,881	17,914	39,753
During the year 2028	15,947	9,035	26,474	18,273	17,784	38,994
During the years 2029 – 2038	145,011	82,071	240,634	142,046	166,287	335,790
During the years 2039 – 2048	77,400	81,884	172,805	61,058	120,880	201,898
From 2049 onwards	30,024	50,365	88,705	12,958	41,694	61,537
	342,914	**266,394**	**653,295**	**323,445**	**427,909**	**822,011**

Clayton Hotel Düsseldorf has been included within the Republic of Ireland and Other region for the period ended 30 June 2023.

Sterling amounts have been converted using the closing foreign exchange rate of 0.85828 as at 30 June 2023.

The actual depreciation and interest charge through profit or loss will depend on the composition of the Group's lease portfolio in future years and is subject to change, driven by:

- commencement of new leases;
- modifications of existing leases;
- reassessments of lease liabilities following periodic rent reviews; and
- impairments and reversal of previous impairment charges of right-of-use assets.

It excludes leases on hotels for which an agreement for lease has been signed.

12 Leases *(continued)*

Extension options and termination options

As at 30 June 2023, the Group, as a hotel lessee, has two five-year extension options for one hotel. The Group assesses at lease commencement whether it is reasonably certain to exercise the option and reassesses if there is a significant event or change in circumstances within its control. At 30 June 2023, it is not reasonably certain that the first five year extension option will be exercised. The relative magnitude of optional lease payments to lease payments is as follows:

	Lease liabilities recognised (discounted)	**Potential future lease payments not included in lease liabilities (discounted)**
	€'000	€'000
Hotel lease	**47,258**	**6,709**

The Group holds a termination option in an office space lease. The Group assesses at lease commencement whether it is reasonably certain not to exercise the option and reassesses if there is a significant event or change in circumstances within its control. At 30 June 2023, it is not reasonably certain that the option will not be exercised. The relative magnitude of optional lease payments to lease payments is as follows:

	Lease liabilities recognised (discounted)	**Potential future lease payments not included in lease liabilities (discounted)**
	€'000	€'000
Office lease	**3,466**	**1,323**

Leases not yet commenced to which the lessee is committed

The Group has a number of agreements for lease at 30 June 2023 and details of the non-cancellable lease rentals and other contractual obligations payable under these agreements are set out hereafter. These represent the minimum future lease payments (undiscounted) and other contractual payments, in aggregate, that the Group is required to make under the agreements. An agreement for lease is a binding agreement between external third parties and the Group to enter into a lease at a future date. The dates of commencement of these leases may change based on the hotel opening dates. The amounts payable may also change slightly if there are any changes in room numbers delivered through construction.

12 Leases *(continued)*

Leases not yet commenced to which the lessee is committed (continued)

Agreements for lease	**30 June 2023 €'000**	31 December 2022 €'000
Less than one year	**7,065**	-
One to two years	**5,817**	10,178
Two to three years	**7,071**	5,629
Three to five years	**15,934**	15,737
Five to fifteen years	**83,560**	81,307
Fifteen to twenty five years	**89,918**	87,473
After twenty five years	**107,811**	109,229
Total future lease payments	**317,176**	309,553

Included in the above table are future lease payments for agreements for lease, with a lease term of 35 years with the expected opening dates as follows: Maldron Hotel Brighton (Q2 2024), Maldron Hotel Cathedral Quarter Manchester (Q2 2024), Maldron Hotel Liverpool City (Q2 2024), and Maldron Hotel Croke Park, Dublin (H1 2026).

13 Trade and other receivables

	30 June 2023 €'000	31 December 2022 €'000
Non-current assets		
Other receivables	**1,414**	2,314
Prepayments	**1,444**	1,073
Deposit paid on acquisition	**3,112**	-
	5,970	3,387
Current assets		
Trade receivables	**16,033**	13,816
Prepayments	**14,611**	8,003
Contract assets	**4,541**	4,465
Accrued income	**2,378**	2,309
Other receivables	**2,123**	1,670
	39,686	30,263
Total	**45,656**	33,650

Non-current assets
Non-current other receivables comprise of a rent deposit of €1.4 million (31 December 2022: €1.4 million) paid to the landlord in 2020 on the sale and leaseback of Clayton Hotel Charlemont, Dublin. This deposit is repayable to the Group at the end of the lease term.

Included in non-current prepayments are costs of €1.2 million (31 December 2022: €0.9 million) associated with future lease agreements for hotels which are currently being constructed or in planning. When these leases are signed, these costs will be reclassified to right-of-use assets.

Deposit paid on acquisition at 30 June 2023 of €3.1 million relates to the deposit paid for the acquisition of Apex Hotel London Wall which was completed subsequent to the period end, on 3 July 2023 (note 23).

Current assets
Current other receivables primarily includes a deposit paid as part of a hotel property lease contract of €0.9 million (31 December 2022: €0.9 million in Non-current other receivables) and €0.7 million of government grants (31 December 2022: €1.2 million).

14 Trade and other payables

	30 June 2023 €'000	31 December 2022 €'000
Non-current liabilities		
Accruals	**469**	239
	469	239
Current liabilities		
Trade payables	**23,812**	17,645
Accruals	**40,197**	45,821
Contract liabilities	**17,780**	14,265
Value added tax	**6,723**	15,040
Payroll taxes	**2,982**	26,047
	91,494	118,818
Total	**91,963**	119,057

Accruals at 30 June 2023 include €9.8 million of accruals related to amounts which have not yet been invoiced for capital expenditure and for costs incurred on entering new leases and agreements for lease (31 December 2022: €9.1 million).

Value added tax and payroll taxes

Under the warehousing of tax liabilities legislation introduced by the Financial Provisions (Covid-19) (No. 2) Act 2020 and Finance Act 2020 (Act 26 of 2020) and amended by the Finance (Covid-19 and Miscellaneous Provisions) Act 2021, Irish VAT liabilities of €11.7 million and payroll tax liabilities of €23.1 million were deferred as at 31 December 2022. These liabilities were paid in full during the period ended 30 June 2023.

15 Provision for liabilities

	30 June 2023 €'000	31 December 2022 €'000
Non-current liabilities		
Insurance provision	**7,547**	7,165
Current liabilities		
Insurance provision	**1,857**	2,014
Total provision at end of period/year	**9,404**	9,179

The reconciliation of the movement in the provision for the period/year is as follows:

	Period ended 30 June 2023 €'000	Year ended 31 December 2022 €'000
At 1 January	**9,179**	8,188
Provisions made during the period/year – charged to profit or loss	**1,250**	2,500
Utilised during the period/year	**(968)**	(859)
Discounting effect charged to profit or loss	**(57)**	(650)
At end of period/year	**9,404**	9,179

The provision relates to actual and potential obligations arising from the Group's insurance arrangements where the Group is self-insured. The Group has third party insurance cover above specific limits for individual claims and has an overall maximum aggregate payable for all claims in any one year. The amount provided is principally based on projected settlements as determined by external loss adjusters. The provision also includes an estimate for claims incurred but not yet reported and incurred but not enough reported.

The utilisation of the provision is dependent on the timing of settlement of the outstanding claims. The Group expects the majority of the insurance provision will be utilised within five years of the period end date however, due to the nature of the provision, there is a level of uncertainty in the timing of settlement as the Group generally cannot precisely determine the extent and duration of the claim process. The provision has been discounted to reflect the time value of money.

16 Commitments

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

	30 June 2023 €'000	31 December 2022 €'000
Contracted but not provided for	**15,221**	24,875

At 30 June 2023, the commitments relate primarily to the new-build hotel development of Maldron Hotel Shoreditch, London. It also includes committed capital expenditure at other hotels in the Group.

The Group also has further commitments in relation to fixtures, fittings and equipment in some of its leased hotels. Under certain lease agreements, the Group has committed to spending a percentage of revenue on capital expenditure in respect of fixtures, fittings and equipment in the leased hotels over the life of the lease. The Group has estimated the commitment in relation to these leases to be €66.3 million (31 December 2022: €71.2 million) spread over the life of the various leases which primarily range in length from 19 years to 35 years. The revenue figures used in the estimate of the commitment at 30 June 2023 have been based on 2023 forecasted revenues at that date. The actual commitment will be higher or lower dependent on the actual revenue earned in each of the lease years.

17 Financial risk management

Risk exposures

The Group is exposed to various financial risks arising in the normal course of business. Its financial risk exposures are predominantly related to the creditworthiness of counterparties and risks relating to changes in interest rates and foreign currency exchange rates.

The Group uses financial instruments throughout its business: loans and borrowings and cash and cash equivalents are used to finance the Group's operations; trade and other receivables, trade and other payables and accruals arise directly from operations and derivatives are used to manage interest rate risks and to achieve a desired profile of borrowings. The Group uses a net investment hedge with Sterling denominated borrowings to hedge the foreign exchange risk from investments in certain UK operations. The Group does not trade in financial instruments.

17 Financial risk management *(continued)*

Fair values

The following tables show the carrying amount of Group financial assets and liabilities including their values in the fair value hierarchy at 30 June 2023. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. A fair value disclosure for lease liabilities is not required.

				Fair value		
Financial assets	**Financial assets measured at fair value 30 June 2023 €'000**	**Financial assets measured at amortised cost 30 June 2023 €'000**	**Total carrying amount 30 June 2023 €'000**	**Level 1 30 June 2023 €'000**	**Level 2 30 June 2023 €'000**	**Level 3 30 June 2023 €'000**
Derivatives – hedging instruments	**12,969**	**-**	**12,969**		**12,969**	
Trade and other receivables, excluding prepayments and deposit paid on acquisition (note 13)	**-**	**26,489**	**26,489**			
Cash at bank and in hand	**-**	**114,360**	**114,360**			
	12,969	**140,849**	**153,818**			

Financial liabilities	**Financial liabilities measured at fair value 30 June 2023 €'000**	**Financial liabilities measured at amortised cost 30 June 2023 €'000**	**Total carrying amount 30 June 2023 €'000**	**Level 1 30 June 2023 €'000**	**Level 2 30 June 2023 €'000**	**Level 3 30 June 2023 €'000**
Bank loans (note 18)	**-**	**(265,227)**	**(265,227)**		**(265,227)**	
Trade payables and accruals (note 14)	**-**	**(64,478)**	**(64,478)**			
	-	**(329,705)**	**(329,705)**			

17 Financial risk management *(continued)*

Fair values *(continued)*

The following tables show the carrying amount of Group financial assets and liabilities including their values in the fair value hierarchy at 31 December 2022. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. A fair value disclosure for lease liabilities is not required.

					Fair value	
Financial assets	**Financial assets measured at fair value 31 December 2022 €'000**	**Financial assets measured at amortised cost 31 December 2022 €'000**	**Total carrying amount 31 December 2022 €'000**	**Level 1 31 December 2022 €'000**	**Level 2 31 December 2022 €'000**	**Level 3 31 December 2022 €'000**
Derivatives – hedging instruments	11,717	-	11,717		11,717	
Trade and other receivables, excluding prepayments (note 13)	-	24,574	24,574			
Cash at bank and in hand	-	91,320	91,320			
	11,717	115,894	127,611			

Financial liabilities	**Financial liabilities measured at fair value 31 December 2022 €'000**	**Financial liabilities measured at amortised cost 31 December 2022 €'000**	**Total carrying amount 31 December 2022 €'000**	**Level 1 31 December 2022 €'000**	**Level 2 31 December 2022 €'000**	**Level 3 31 December 2022 €'000**
Bank loans (note 18)	-	(193,488)	(193,488)		(193,488)	
Trade payables and accruals (note 14)	-	(63,705)	(63,705)			
	-	(257,193)	(257,193)			

17 Financial risk management *(continued)*

Fair value hierarchy

The Group measures the fair value of financial instruments based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements. Financial instruments are categorised by the type of valuation method used. The valuation methods are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial instrument that are not based on observable market data (unobservable inputs).

The Group's policy is to recognise any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer occurred. During the period ended 30 June 2023, there were no reclassifications of financial instruments and no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments.

Estimation of fair values
The principal methods and assumptions used in estimating the fair values of financial assets and liabilities are explained hereafter.

Cash at bank and in hand
For cash at bank and in hand, the carrying value is deemed to reflect a reasonable approximation of fair value.

Derivatives
Discounted cash flow analyses have been used to determine the fair value of the interest rate swaps, taking into account current market inputs and rates (Level 2).

Receivables/payables
For receivables and payables with a remaining term of less than one year or demand balances, the carrying value net of impairment provision, where appropriate, is a reasonable approximation of fair value. The non-current receivables and payables carrying value is a reasonable approximation of fair value.

Bank loans
For bank loans, the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at interest rates effective at the reporting date. The carrying value of floating rate loans and borrowings is considered to be a reasonable approximation of fair value. There is no difference between margins available in the market at 30 June 2023 and the margins the Group was paying at period end.

17 Financial risk management *(continued)*

(a) Credit risk

Exposure to credit risk
Credit risk is the risk of financial loss to the Group arising 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. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Outstanding customer balances are regularly monitored and reviewed for indicators of impairment (evidence of financial difficulty of the customer or payment default). The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Other receivables primarily relate to amounts owed from the government and deposits due from landlords at the end of the lease term, as well as other contractual amounts due from landlords.

Trade receivables are subject to the expected credit loss model in IFRS 9 *Financial Instruments*. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the number of days past due. Management does not expect any significant losses from receivables that have not been provided for as at 30 June 2023.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and give rise to credit risk on the amounts held with 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 the risk of principal loss and to ensure the ultimate recovery of invested funds by limiting credit risk. The Group reviews regularly the credit rating of each bank and if necessary, takes action to ensure there is appropriate cash and cash equivalents held with each bank based on their credit rating. During the period ended 30 June 2023, cash and cash equivalents were held in line with predetermined limits depending on the credit rating of the relevant bank/financial institution.

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

	30 June 2023 €'000	31 December 2022 €'000
Trade receivables	**16,033**	13,816
Other receivables	**3,537**	3,984
Contract assets	**4,541**	4,465
Accrued income	**2,378**	2,309
Cash at bank and in hand	**114,360**	91,320
Derivative assets	**12,969**	11,717
	153,818	127,611

17 Financial risk management *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. In general, the Group's approach to managing liquidity risk is to ensure as far as possible that it will always have sufficient liquidity, through a combination of cash and cash equivalents, cash flows and undrawn credit facilities 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.

Cashflow remains strong with net cash generated from operating activities in the period of €62.0 million (period ended 30 June 2022: €100.4 million). €34.8 million of warehoused tax liabilities which were deferred, under the warehousing of tax liabilities legislation during the Covid-19 pandemic, were paid during the period. Excluding this amount, net cash generated from operating activities is €96.8 million. At 30 June 2023, cash and undrawn facilities are €413.9 million (31 December 2022: €455.7 million).

The Group's banking covenants have reverted to Net Debt to EBITDA (as defined in the Group's bank facility agreement which is equivalent to Net Debt to EBITDA after rent) and Interest Cover at 30 June 2023. This replaces the Net Debt to Value covenant and liquidity minimum covenants which were temporarily in place. At 30 June 2023, the Net Debt to EBITDA covenant limit is 4.0x and the Interest Cover minimum is 4.0x. The Group's Net Debt to EBITDA after rent for the 12 month period to 30 June 2023 is 1.0x (APM (viii)) and Interest Cover is 18.3x (APM (xix)).

The Group also monitors its Debt and Lease Service cover (APM (xv)), which is 3.1x for the twelve month period ended 30 June 2023, in order to monitor gearing and liquidity taking into account both bank and lease financing.

(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. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

17 Financial risk management *(continued)*

(c) Market risk *(continued)*

(i) Interest rate risk

The Group is exposed to floating interest rates on its debt obligations and uses hedging instruments to mitigate the risk associated with interest rate fluctuations. The Group has entered into interest rate swaps which hedge the variability in cash flows attributable to the interest rate risk. All such transactions are carried out within the guidelines set by the Board. The Group seeks to apply hedge accounting to manage volatility in profit or loss.

The Group determines the existence of an economic relationship between the hedging instrument and the hedged item based on the reference interest rates, maturities and notional amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

As at 30 June 2023, interest rate swaps cover 100% (31 December 2022: 100%) of the Group's term Sterling denominated borrowings of £176.5 million for the period to 26 October 2024. The final year of the term debt, to 26 October 2025, is currently unhedged.

At 30 June 2023, euro revolving credit facility borrowings totalling €3.0 million were unhedged, and were subsequently repaid in early July 2023. The Group also drew down £53.4 million (€62.2 million) of sterling revolving credit facility borrowings on 30 June 2023 to fund the post period end acquisition of the Apex Hotel London Wall (note 23) and the interest rate on these borrowings is unhedged at 30 June 2023.

The weighted average interest cost, including the impact of hedges, in respect of Sterling and Euro denominated borrowings for the period was 2.8% and 4.1% respectively.

(ii) Foreign currency risk

The Group is exposed to risks arising from fluctuations in the Euro/Sterling exchange rate. The Group is exposed to transactional foreign currency risk on trading activities conducted by subsidiaries in currencies other than their functional currency and to foreign currency translation risk on the retranslation of foreign operations to Euro.

The Group's 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. This risk is mitigated by the earnings from UK subsidiaries which are denominated in Sterling. 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 limits its exposure to foreign currency risk by using Sterling debt to hedge part of the Group's investment in UK subsidiaries. The Group financed certain operations in the UK by obtaining funding through external borrowings denominated in Sterling. These borrowings amounted to £176.5 million (€205.6 million) at 30 June 2023 (31 December 2022: £176.5 million (€199.0 million)) and are designated as net investment hedges. The net investment hedge was fully effective during the period.

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 retranslation of the net assets of those UK operations.

17 Financial risk management *(continued)*

(d) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a pre-tax leveraged return on equity of at least 15% on investments and typically, a rent cover of 1.85x in year three for leased assets.

The Group monitors capital using a ratio of Net Debt to EBITDA after rent which excludes the effects of IFRS 16 in line with its banking covenants. This is calculated based on the prior 12 month period. As at 30 June 2023, the Net Debt to EBITDA after rent is 1.0x (31 December 2022: 0.8x).

The Board reviews the Group's capital structure on an ongoing basis as part of the normal strategic and financial planning process. It ensures that it is appropriate for the hotel industry given its exposure to demand shocks and the normal economic cycles.

18 Loans and Borrowings

	30 June 2023 €'000	31 December 2022 €'000
Bank borrowings	**265,227**	193,488
Total loans and borrowings	**265,227**	193,488

The amortised cost of loans and borrowings at 30 June 2023 was €265.2 million (31 December 2022: €193.5 million). The drawn loans and borrowings, being the amount owed to the lenders, was €270.8 million at 30 June 2023 (31 December 2022: €199.0 million). This consisted of:

(i) Sterling term borrowings of £176.5 million (€205.6 million) which remained unchanged during the period;
(ii) Sterling revolving credit facility borrowings of £53.4 million (€62.2 million), which were drawn down on 30 June 2023 to fund the post period end acquisition of the Apex Hotel London Wall (note 23); and
(iii) Euro revolving credit facility borrowings of €3.0 million following a drawdown of €32.0 million and subsequent repayment of €29.0 million during the period ended 30 June 2023.

The undrawn loan facilities as at 30 June 2023 were €299.5 million (31 December 2022: €364.4 million).

The Group has a multicurrency loan facility consisting of a £176.5 million term loan facility, with a maturity date of 26 October 2025, and €364.4 million revolving credit facility - €304.9 million with a maturity date of 26 October 2025 and €59.5 million with a maturity date of 30 September 2023.

19 Deferred tax

	30 June 2023 €'000	31 December 2022 €'000
Deferred tax assets	**20,311**	21,271
Deferred tax liabilities	**(80,788)**	(71,022)
Net deferred tax liabilities	**(60,477)**	(49,751)

At 30 June 2023, deferred tax assets of €20.3 million (31 December 2022: €21.3 million) have been recognised. The majority of the deferred tax assets relate to corporation tax losses and interest expense carried forward of €16.6 million (31 December 2022: €17.7 million). A deferred tax asset has been recognised in respect of tax losses carried forward where it is probable that there will be sufficient taxable profits in future periods to utilise these tax losses. During the period ended 30 June 2023, a portion of the tax losses carried forward as at 31 December 2022 were offset against taxable profits arising in the current period, thereby reducing the related deferred tax assets as at 30 June 2023.

The Group has considered all relevant evidence to determine whether it is probable there will be sufficient taxable profits in future periods, in order to recognise the deferred tax assets as at 30 June 2023. The Group has prepared forecasted taxable profits for future periods to schedule the reversal of the deferred tax assets recognised in respect of the corporation tax losses and interest expense carried forward.

Based on the supporting forecasts and evidence, it is probable that the deferred tax assets recognised in respect of corporation tax losses and interest expense carried forward at 30 June 2023 will be fully utilised by the year ending 31 December 2030 with the majority being utilised by the year ending 31 December 2025.

The Group has also considered the relevant negative evidence in preparing forecasts to determine whether there will be sufficient future taxable profits to utilise the tax losses carried forward. The forecasts of future taxable profits are subject to uncertainty. The Group considered these relevant factors in forecasting the future taxable profits for the purposes of the recognition of deferred tax assets as at 30 June 2023.

The deferred tax liabilities have increased from €71.0 million at 31 December 2022 to €80.8 million at 30 June 2023. The majority of the deferred tax liabilities result from the Group's policy of ongoing revaluation of land and buildings. Where the carrying value of a property in the financial statements is greater than its tax base cost, the Group recognises a deferred tax liability. The increase in the deferred tax liabilities relates mainly to an increase in the deferred tax liabilities recognised in respect of property revaluation gains and reversals of previous impairment charges during the period ended 30 June 2023.

20 Related party transactions

Under IAS 24 *Related Party Disclosures*, the Group has related party relationships with its shareholders and Directors of the Company.

There were no changes in related party transactions in the six month period ended 30 June 2023 that materially affected the financial position or the performance of the Group during that period.

21 Share capital and share premium

At 30 June 2023

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	**223,433,968**	**2,234**
Share premium		**505,004**

At 31 December 2022

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	222,871,722	2,229
Share premium		504,910

During the six month period ended 30 June 2023, the Company issued 253,900 ordinary shares following the vesting of awards granted in December 2021 under the Group's 2017 Long Term Incentive Plan (note 8). The Company issued a further 281,734 ordinary shares following the vesting of awards granted in March 2020 under the Group's 2017 Long Term Incentive Plan (note 8).

26,612 ordinary shares were issued during the six month period ended 30 June 2023 (note 8) under the Share Save schemes granted in 2019, which led to an increase in share premium of €0.1 million in the consolidated statement of changes in equity.

Dividends

On 28 August 2023, the Board declared an interim dividend of 4 cent per share. The payment date for the interim dividend will be 6 October 2023 to shareholders registered on the record date 15 September 2023. These Interim Financial Statements do not reflect this dividend. Based on the shares in issue at 30 June 2023, the amount of dividends declared is €8.9 million.

22 Earnings per share

Basic earnings per share ('EPS') is computed by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed by dividing the profit attributable to ordinary shareholders for the period 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 EPS for the periods ended 30 June 2023 and 30 June 2022:

	6 months ended 30 June 2023	6 months ended 30 June 2022
Profit attributable to shareholders of the parent (€'000) – basic and diluted	**41,959**	46,745
Adjusted profit attributable to shareholders of the parent (€'000) – basic and diluted	**41,162**	29,286
Earnings per share – Basic	**18.8 cents**	21.0 cents
Earnings per share – Diluted	**18.6 cents**	20.9 cents
Adjusted earnings per share – Basic	**18.4 cents**	13.1 cents
Adjusted earnings per share – Diluted	**18.3 cents**	13.1 cents
Weighted average shares outstanding – Basic	**223,116,240**	222,865,363
Weighted average shares outstanding – Diluted	**225,507,598**	223,822,895

The difference between the basic and diluted weighted average shares outstanding for the period ended 30 June 2023 is due to the dilutive impact of the conditional share awards granted for the relevant Share Save schemes and LTIP schemes between the periods 2019 and 2023.

Adjusted basic and adjusted diluted earnings per share are presented as alternative performance measures to show the underlying performance of the Group excluding the tax adjusted effects of items considered by management to not reflect normal trading activities or which distort comparability either period on period or with other similar businesses (note 4).

22 Earnings per share *(continued)*

	6 months ended 30 June 2023 €'000	6 months ended 30 June 2022 €'000
Reconciliation to adjusted profit for the period		
Profit before tax	**50,388**	52,007
Adjusting items (note 4)		
Net property revaluation movements through profit or loss	**(1,998)**	(17,907)
Net impairment charge of right-of-use assets	**-**	2,395
Net reversal of previous impairment charges of fixtures, fittings and equipment	**-**	(370)
Gain on disposal of property, plant and equipment	**-**	(3,877)
Hotel pre-opening expenses	**660**	1,872
Adjusted profit before tax for the period	**49,050**	34,120
Tax charge	**(8,429)**	(5,262)
Tax adjustment for adjusting items	**541**	428
Adjusted profit for the period	**41,162**	29,286

23 Events after the reporting date

On 3 July 2023, the Group acquired the long leasehold interest, with 107 years remaining on the lease, of the Apex Hotel London Wall for total consideration, including costs, of approximately £56.5 million (€65.7 million). The 89-bedroom hotel was subsequently rebranded to Clayton Hotel London Wall. The accounting of this transaction is currently under review.

On 11 July 2023, the Group opened its recently acquired newly built hotel, Maldron Hotel Finsbury Park, London. As a result, the Group reclassified the property and related costs from assets under construction to land and buildings and fixtures, fittings and equipment (note 11) when it became available for use.

On 28 August 2023, the Board declared an interim dividend of 4 cent per share. The payment date for the interim dividend will be 6 October 2023 to shareholders registered on the record date 15 September 2023. These Interim Financial Statements do not reflect this dividend. Based on the shares in issue at 30 June 2023, the amount of dividends declared is €8.9 million.

There were no other events after the reporting date which would require an adjustment, or a disclosure thereon, in these condensed consolidated interim financial statements.

24 Approval of financial statements

The Board of Directors approved the Interim Financial Statements for the six months ended 30 June 2023 on 28 August 2023.

Independent Review Report to Dalata Hotel Group plc ("the Entity")

Conclusion

We have been engaged by the Entity to review the Entity's condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as adopted by the EU and the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Central Bank (Investment Market Conduct) Rules 2019 ("Transparency Rules of the Central Bank of Ireland).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (Ireland) 2410") issued for use in Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However, future events or conditions may cause the Entity to cease to continue as a going concern, and the above conclusions are not a guarantee that the Entity will continue in operation.

Independent Review Report to Dalata Hotel Group plc (“the Entity”)

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland.

The directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

As disclosed in note 1, the annual financial statements of the Entity for the year ended 31 December 2022 are prepared in accordance with International Financial Reporting Standards as adopted by the EU.

In preparing the condensed set of consolidated financial statements, the directors are responsible for assessing the Entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Entity a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Entity in accordance with the terms of our engagement to assist the Entity in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Entity those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Entity for our review work, for this report, or for the conclusions we have reached

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen’s Green
Dublin 2

28 August 2023

Supplementary Financial Information

Alternative Performance Measures ('APM') and other definitions

The Group reports certain alternative performance measures ('APMs') that are not defined under International Financial Reporting Standards ('IFRS'), which is the framework under which the condensed consolidated interim financial statements are prepared. These are sometimes referred to as 'non-GAAP' measures.

The Group believes that reporting these APMs provides useful supplemental information which, when viewed in conjunction with the IFRS financial information, provides stakeholders with a more comprehensive understanding of the underlying financial and operating performance of the Group and its operating segments.

These APMs are primarily used for the following purposes:

- to evaluate underlying results of the operations; and
- to discuss and explain the Group's performance with the investment analyst community.

The APMs can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of the results in the condensed consolidated interim financial statements which are prepared under IFRS. These performance measures may not be calculated uniformly by all companies and therefore may not be directly comparable with similarly titled measures and disclosures of other companies.

The definitions of and reconciliations for certain APMs are contained within the condensed consolidated interim financial statements. A summary definition of these APMs together with the reference to the relevant note in the condensed consolidated interim financial statements where they are reconciled is included below. Also included below is information pertaining to certain APMs which are not mentioned within the condensed consolidated interim financial statements but which are referred to in other sections of this report. This information includes a definition of the APM, in addition to a reconciliation of the APM to the most directly reconcilable line item presented in the condensed consolidated interim financial statements. References to the condensed consolidated interim financial statements are included as applicable.

(i) Adjusting items

Items which are not reflective of normal trading activities or distort comparability either period on period or with other similar businesses. The adjusting items are disclosed in note 4 and note 22 to the condensed consolidated interim financial statements. Adjusting items with a cash impact are set out in APM xiii below.

(ii) Adjusted EBITDA

Adjusted EBITDA is an APM representing earnings before interest on lease liabilities, other interest and finance costs, tax, depreciation of property, plant and equipment and right-of-use assets and amortisation of intangible assets, adjusted to show the underlying operating performance of the Group and excludes items which are not reflective of normal trading activities or which distort comparability either period on period or with other similar businesses.
Reconciliation: Note 4

(iii) EBITDA and Segments EBITDA

EBITDA is an APM representing earnings before interest on lease liabilities, other interest and finance costs, tax, depreciation of property, plant and equipment and right-of-use assets and amortisation of intangible assets.
Reconciliation: Note 4

Segments EBITDA represents 'Adjusted EBITDA' before central costs, share-based payments expense and other income for each of the reportable segments: Dublin, Regional Ireland and the UK. It is presented to show the net operational contribution of leased and owned hotels in each geographical location. Also referred to as hotel EBITDA.
Reconciliation: Note 4

(iv) EBITDAR and Segments EBITDAR

EBITDAR is an APM representing earnings before interest on lease liabilities, other interest and finance costs, tax, depreciation of property, plant and equipment and right-of-use assets, amortisation of intangible assets and variable lease costs.

Segments EBITDAR represents Segments EBITDA before variable lease costs for each of the reportable segments: Dublin, Regional Ireland and the UK. It is presented to show the net operational contribution of leased and owned hotels in each geographical location, before lease costs. Also referred to as hotel EBITDAR.
Reconciliation: Note 4

(v) Adjusted earnings per share (EPS) (basic and diluted)

Adjusted EPS (basic and diluted) is presented as an alternative performance measure to show the underlying performance of the Group excluding the tax adjusted effects of items considered by management to not reflect normal trading activities or which distort comparability either period on period or with other similar businesses.
Reconciliation: Note 22

(vi) Net Debt

Net Debt is calculated in line with banking covenants and includes external loans and borrowings drawn and owed to the banking club as at period end (rather than the amortised cost of the loans and borrowings), less cash and cash equivalents.
Reconciliation: Refer below

(vii) Net Debt and Lease Liabilities

Net Debt (see definition vi) plus Lease Liabilities at period end.
Reconciliation: Refer below

(viii) Net Debt to EBITDA after rent

Net Debt (see definition vi) divided by 'EBITDA after rent' (see definition xviii) for the period. This APM is presented to show the Group's financial leverage before the application of IFRS 16 *Leases*, in line with banking covenants.
Reconciliation: Refer below

(ix) Net Debt and Lease Liabilities to Adjusted EBITDA

Net Debt and Lease Liabilities (see definition vii) divided by the 'Adjusted EBITDA' (see definition ii) for the period. This APM is presented to show the Group's financial leverage after including the accounting estimate of lease liabilities following the application of IFRS 16 *Leases*.
Reconciliation: Refer below

(x) Net Debt to Value

Net Debt (see definition vi) divided by the valuation of property assets as provided by external valuers at period end. This APM is presented to show the gearing level of the Group.
Reconciliation: Refer below

(xi) Lease Modified Net Debt

Net Debt (see definition vi) plus Modified Lease Debt at period end. Modified Lease Debt is defined as eight times the Group's lease cash flow commitment under existing lease contracts for a 12 month period. The Group's non-cancellable undiscounted lease cash flows payable under existing lease contracts for the next financial year as presented in note 12 is used for this purpose.

This APM is presented to show the Group's financial leverage including lease cash flows payable under its lease contracts. The multiple of 8x is in line with external credit rating agency assessments of the travel and leisure industry.
Reconciliation: Refer below

(xii) Lease Modified Net Debt to Adjusted EBITDA

Lease Modified Net Debt (see definition xi) divided by the 'Adjusted EBITDA' (see definition ii) for the period. This APM is presented to show the Group's financial leverage including lease cash flows payable under its lease contracts.
Reconciliation: Refer below

Reconciliation of Net Debt APMs - definitions (vi), (vii), (viii), (ix), (x)		**Reference in condensed interim financial statements**	**30 June 2023 €'000**	31 Dec 2022 €'000
Loans and borrowings at amortised cost		Statement of financial position	**265,227**	193,488
Accounting adjustment to bring to amortised cost			**5,613**	5,513
External loans and borrowings drawn		Note 18	**270,840**	199,001
Less cash and cash equivalents		Statement of financial position	**(114,360)**	(91,320)
Net Debt (APM vi)	(A)		**156,480**	107,681
Lease Liabilities - current and non-current		Statement of financial position	**656,707**	651,791
Net Debt and Lease Liabilities (APM vii)	(B)		**813,187**	759,472
Adjusted EBITDA (APM ii)[1]	(C)		**203,379**	183,430
EBITDA after rent (APM xviii)	(D)		**157,003**	137,763
Net Debt to EBITDA after rent (APM viii)	(A/D)		**1.0x**	0.8x
Net Debt and Lease Liabilities to Adjusted EBITDA (APM ix)	(B/C)		**4.0x**	4.1x
Valuation of property assets as provided by external valuers[2]	(E)		**1,420,133**	1,337,088
Net Debt to Value (APM x)	(A/E)		**11.0%**	8.1%

[1] Adjusted EBITDA of €203,379k for the 12 months ended 30 June 2023 is calculated as follows;
- *Adjusted EBITDA of €103,445k for the six months ended 30 June 2023 (Note 4); and*
- *Adjusted EBITDA of €183,430k for the 12 months ended 31 December 2022 less Adjusted EBITDA of €83,496k for the six months ended 30 June 2022 (as previously reported).*

[2] Property assets valued exclude assets under construction and fixtures, fittings and equipment in leased hotels.

Reconciliation of Lease Modified Net Debt APMs - definitions (xi), (xii)		Reference in condensed interim financial statements	30 June 2023 €'000	31 Dec 2022 €'000
Non-cancellable undiscounted lease cash flows payable under lease contracts in the next financial year	(A)	Note 12	**50,857**	51,777
Modified Lease Debt	(B=A*8)		**406,856**	414,216
Net Debt (APM vi)	(C)		**156,480**	107,681
Lease Modified Net Debt (APM xi)	(D=B+C)		**563,336**	521,897
Adjusted EBITDA (APM ii)	E		**203,379**	183,430
Lease Modified Net Debt to Adjusted EBITDA (APM xii)	(D/E)		**2.8x**	2.8x

(xiii) Free Cashflow

Net cash from operating activities less amounts paid for interest, finance costs, refurbishment capital expenditure, fixed lease payments and after adding back the cash paid in respect of items that are deemed one-off and thus not reflecting normal trading activities or distorting comparability either period on period or with other similar businesses (see definition i). This APM is presented to show the cash generated from operating activities to fund acquisitions, development expenditure, repayment of debt and dividends.

Reconciliation: Refer below

(xiv) Free Cashflow per Share (FCPS)

Free Cashflow (see definition xiii) divided by the weighted average shares outstanding - basic. This APM forms the basis for the performance condition measure in respect of share awards made after 3 March 2021.

Historically, EPS for LTIP performance measure purposes has been adjusted to exclude the impact of items that are deemed one-off and thus not reflecting normal trading activities or distorting comparability either period on period or with other similar businesses. The Group takes a similar approach with FCPS to encourage the vigorous pursuit of opportunities, and by excluding certain one-off items, drive the behaviours we seek from the executives and encourage management to invest for the long-term interests of shareholders.

Reconciliation: Refer below

Reconciliation of Free Cashflow APMs (xiii), (xiv)		Reference in condensed interim financial statements	6 months ended 30 June 2023 €'000	6 months ended 30 June 2022 €'000
Net cash from operating activities		Statement of cash flows	**62,014**	100,355
Other interest and finance costs paid		Statement of cash flows	**(3,444)**	(7,447)
Refurbishment capital expenditure paid			**(8,833)**	(4,363)
Fixed lease payments:				
- Interest paid on lease liabilities		Statement of cash flows	**(20,915)**	(17,816)
- Repayment of lease liabilities		Statement of cash flows	**(5,162)**	(5,182)
			23,660	65,547
Exclude adjusting items with a cash effect:				
Net impact from tax deferrals from government Covid-19 support schemes[1]		Note 14	**34,917**	(10,832)
Pre-opening costs		Note 4	**660**	1,872
Free Cashflow (APM xiii)	A		**59,237**	56,587
Weighted average shares outstanding – basic	B	Note 22	**223,116,240**	222,865,363
Free Cashflow per Share (APM xiv) – cents	**A/B**		**26.5**	25.4

[1] During the period, the Group paid deferred VAT and payroll tax liabilities totalling €34.9 million under the Debt Warehousing scheme in the Republic of Ireland. This non-recurring initiative was introduced under Irish government Covid-19 support schemes and allowed the temporary retention of an element of taxes collected between March 2020 and May 2022 to assist businesses who experienced cashflow and trading difficulties during the pandemic.

(xv) Debt and Lease Service Cover

Free Cashflow (see definition xiii) before payment of lease costs, interest and finance costs divided by the total amount paid for lease costs, interest and finance costs. This APM is presented to show the Group's ability to meet its debt and lease commitments.

Reconciliation: Refer below

Reconciliation of Debt and Lease Service Cover APM (xv)		Reference in condensed interim financial statements	12 months ended 30 June 2023 €'000 D=E+F	6 months ended 30 June 2023 €'000 E	6 months ended 31 Dec 2022 €'000 F=G-H	6 months ended 30 June 2022 €'000 H	12 months ended 31 Dec 2022 €'000 G
Free Cashflow (APM xiii)	(A)		**129,151**	59,237	69,914	56,587	126,501
Add back:							
Total lease costs paid[1]			**54,741**	29,354	25,387	23,150	48,537
Total interest and finance costs paid		Statement of cash flows	**8,230**	3,444	4,786	7,447	12,233
Total lease and finance costs paid	(B)		**62,971**	32,798	30,173	30,597	60,770
Free Cashflow before lease and finance costs paid	(C=A+B)		**192,122**	92,035	100,087	87,184	187,271
Debt and Lease Service Cover (APM xv)	(C/B)		**3.1x**				3.1x

[1] *Total lease costs paid comprises payments of fixed and variable lease costs during the period.*

(xvi) Normalised Return on Invested Capital

Adjusted EBIT after rent divided by the Group's average normalised invested capital. The Group defines normalised invested capital as total assets less total liabilities at the period end and excludes the accumulated revaluation gains/losses included in property, plant and equipment, Net Debt, derivative financial instruments and taxation related balances. The Group also excludes the impact of deferred VAT and payroll tax liabilities which were payable at prior period end as these were quasi-debt in nature, and the investment in the construction of future assets. The Group's net assets are adjusted to reflect the average level of acquisition investment spend and the average level of working capital for the accounting period. The average normalised invested capital is the average of the opening and closing normalised invested capital for the 12 month period.

Adjusted EBIT after rent represents the Group's operating profit for the period restated to remove the impact of adjusting items (see definition i) and the impact of adopting IFRS 16 by replacing depreciation of right-of-use assets with fixed lease costs and amortisation of lease costs.

The Group presents this APM to provide stakeholders with a more meaningful understanding of the underlying financial and operating performance of the Group.

Reconciliation: Refer Below

Reconciliation of Normalised Return on Invested Capital APM (xvi)		Reference in condensed interim financial statements	12 months ended 30 June 2023 €'000 C=D+E	6 months ended 30 June 2023 €'000 D	6 months ended 31 Dec 2022 €'000 E=F-G	6 months ended 30 June 2022 €'000 G	12 months ended 31 Dec 2022 €'000 F
Operating profit		Statement of comprehensive income	**155,861**	74,495	81,366	74,161	155,527
Add back:							
Adjusting items		Note 4	**(12,087)**	(1,338)	(10,749)	(17,887)	(28,636)
Depreciation of right-of-use assets		Note 4	**29,340**	14,875	14,465	13,038	27,503
Less:							
Fixed lease costs			**(50,674)**	(26,171)	(24,503)	(21,827)	(46,330)
Amortisation of lease costs			**(840)**	(403)	(437)	(320)	(757)
Additional amortisation of intangible assets if IAS 17 still applied			**(45)**	(22)	(23)	(23)	(46)
Adjusted EBIT after rent	(A)		**121,555**	61,436	60,119	47,142	107,261

		Reference in condensed interim financial statements	30 June 2023 €'000	31 Dec 2022 €'000
Net assets at balance sheet date		Statement of financial position	**1,346,984**	1,222,766
Add back:				
Loans and borrowings		Statement of financial position	**265,227**	193,488
Deferred tax liabilities		Statement of financial position	**80,788**	71,022
Current tax liabilities		Statement of financial position	**12,496**	11,606
Deferred VAT and payroll tax liabilities		Note 14	**-**	34,790
Less:				
Revaluation uplift in property, plant and equipment[1]		Note 11	**(504,347)**	(425,974)
Assets under construction at period end		Note 11	**(131,530)**	(64,556)
Cash and cash equivalents		Statement of financial position	**(114,360)**	(91,320)
Deferred tax assets		Statement of financial position	**(20,311)**	(21,271)
Derivative assets		Statement of financial position	**(12,969)**	(11,717)
Normalised invested capital			**921,978**	918,834
Average normalised invested capital	B		**911,649**	921,890
Normalised Return on Invested Capital (APM xvi)	A/B		**13.3%**	11.6%

[1] Includes the combined net revaluation uplift included in property, plant and equipment since the revaluation policy was adopted in 2014 or in the case of hotel assets acquired after this date, since the date of acquisition. The carrying value of land and buildings, revalued at 30 June 2023 is €1,365.3 million (31 December 2022: €1,281.3 million). The value of these assets under the cost model is €861.0 million (31 December 2022: €855.4 million). Therefore, the revaluation uplift included in property, plant and equipment is €504.3 million (31 December 2022: €426.0 million). Refer to note 11 to the financial statements.

(xvii) Balance Sheet Net Asset Value (NAV) and Balance Sheet NAV per Share

The Group defines Balance Sheet Net Asset Value (NAV) as total assets less total liabilities at the period end and excludes lease liabilities and right-of-use assets, derivative financial instruments and deferred taxation. The Group also presents Balance Sheet NAV excluding the impact of purchaser's costs included in the independent external valuers' final valuation which reflects the gross value of own-use properties (refer to note 11 to the financial statements). Balance Sheet NAV per Share represents Balance Sheet NAV at period end divided by the number of ordinary shares outstanding at period end.

This APM is presented to show the NAV attributable to the Group's owned hotel portfolio at period end.
Reconciliation: Refer below

Reconciliation of Balance Sheet NAV APM (xvii)		Reference in condensed interim financial statements	30 June 2023 €'000	31 Dec 2022 €'000
Net assets at balance sheet date		Statement of financial position	**1,346,984**	1,222,766
Add back:				
Lease liabilities		Statement of financial position	**656,707**	651,791
Deferred tax liabilities		Statement of financial position	**80,788**	71,022
Less:				
Right-of-use assets		Statement of financial position	**(653,295)**	(658,101)
Deferred tax assets		Statement of financial position	**(20,311)**	(21,271)
Derivative assets		Statement of financial position	**(12,969)**	(11,717)
Balance Sheet NAV (APM xvii)	A		**1,397,904**	1,254,490
Purchaser's costs deducted from own-use properties[1]	B		**129,923**	122,526
Balance Sheet NAV excluding the impact of purchaser's costs included in the independent external valuers' final valuation (APM xvii)	C=A+B		**1,527,827**	1,377,016
Number of shares outstanding at period end - basic	D	Note 21	**223,433,968**	222,871,722
Balance Sheet NAV per Share (€) (APM xvii)	A/D		**€6.26**	€5.63
Balance Sheet NAV per Share (€) excluding the impact of purchaser's costs included in the independent external valuers' final valuation (APM xvii)	C/D		**€6.84**	€6.18

[1] The Group's own-use properties valuations provided by the independent valuers are stated net of full purchaser's costs based on the independent valuer's estimates at 9.96% for assets located in the Republic of Ireland (31 December 2022: 9.96%) and 6.8% for assets located in the UK (31 December 2022: 6.8%) (Refer to note 11 to the financial statements). The gross valuation of own-use properties (which is the value prior to any deduction of purchaser's costs) is also presented to reflect the value of net assets held on a long-term basis.

(xviii) EBITDA after rent (banking covenant)

Adjusted EBITDA (see definition ii) less fixed lease costs (see definition in glossary). The calculation also includes the impact of pre-opening expenses and excludes share-based payment expense in line with banking covenants. As the Group's banking facilities agreements and covenants under those agreements continue to be calculated excluding the impact of IFRS 16, the Group continues to present and reconcile this APM.

Reconciliation: Refer Below

(xix) Interest Cover (banking covenant)

EBITDA after rent (see definition xviii) divided by interest and other finance costs paid or payable during the period. The calculation excludes professional fees paid or payable during the period in line with banking covenants.

Reconciliation: Refer Below

Reconciliation of APMs (xviii), (xix)		**Reference in condensed interim financial statements**	**12 months ended 30 June 2023 €'000**	6 months ended 30 June 2023 €'000	6 months ended 31 Dec 2022 €'000	6 months ended 30 June 2022 €'000	12 months ended 31 Dec 2022 €'000
			A=B+C	B	C=D-E	E	D
Adjusted EBITDA		Note 4	**203,379**	103,445	99,934	83,496	183,430
Add back:							
Share-based payment expense		Note 4	**5,752**	3,609	2,143	1,186	3,329
Less:							
Fixed lease costs			**(50,674)**	(26,171)	(24,503)	(21,827)	(46,330)
Pre-opening costs		Note 4	**(1,454)**	(660)	(794)	(1,872)	(2,666)
EBITDA after rent (APM xviii)	F		**157,003**	80,223	76,780	60,983	137,763
Interest and other finance costs paid		Statement of cashflows	**8,230**	3,444	4,786	7,447	12,233
Interest and other finance costs payable			**353**	353	-	-	-
Interest and other finance costs per banking covenants	G		**8,583**	3,797	4,786	7,447	12,233
Interest Cover (APM xix)	F/G		**18.3x**				11.3x

(xx) EBITDA (after rent)

'Segments EBITDAR' (see definition ii) from leased hotels less the sum of variable lease costs and fixed lease costs relating to leased hotels. This excludes variable lease costs and fixed lease costs relating to effectively, or majority owned hotels.

Reconciliation: Refer Below

(xxi) Rent cover

'Segments EBITDAR' (see definition iv) from leased hotels divided by the sum of variable lease costs and fixed lease costs relating to leased hotels. This excludes variable lease costs and fixed lease costs relating to effectively, or majority owned hotels.

Reconciliation: Refer Below

Reconciliation of APMs (xx), (xxi)		**Reference in condensed interim financial statements**	**6 months ended 30 June 2023 €'000**	6 months ended 30 June 2022 €'000
'Segments EBITDAR' from leased hotels	A	Note 4	**44,203**	30,301
Variable lease costs:				
- Leased hotels	B		**(1,510)**	(1,057)
- Owned hotels			**(337)**	(316)
Total variable lease costs		Note 4	**(1,847)**	(1,373)
Fixed lease costs:				
- Leased hotels	C		**(25,209)**	(21,072)
- Owned hotels			**(595)**	(612)
- Other			**(367)**	(143)
Total fixed lease costs			**(26,171)**	(21,827)
Variable and fixed lease costs from leased hotels	D=B+C		**(26,719)**	(22,129)
EBITDA (after rent) (APM xx)	**(A-D)**		**17,484**	8,172
Rent cover (APM xxi)	**A/D**		**1.7x**	1.4x

Glossary

Revenue per available room (RevPAR)

Revenue per available room is calculated as total rooms revenue divided by the number of available rooms, which is also equivalent to the occupancy rate multiplied by the average daily room rate achieved. This is a commonly used industry metric which facilitates comparison between companies.

Average Room Rate (ARR) - also Average Daily Rate (ADR)

ARR is calculated as rooms revenue divided by the number of rooms sold. This is a commonly used industry metric which facilitates comparison between companies.

'Like for like' hotels

'Like for like' analysis excludes hotels that newly opened or ceased trading under Dalata during the comparative periods. For newly acquired, previously operating hotels, where pre-acquisition RevPAR data is available, these hotels are included on a 'like for like' basis for RevPAR analysis. 'Like for like' metrics are commonly used industry metrics and provide an indication of the underlying performance.

Hotel revenue

Hotel revenue represents the operating revenue (room revenue, food and beverage revenue and other hotel revenue) for the following Group segments: Dublin, Regional Ireland and the UK and excludes revenue from development contract fulfilment, if any. Also referred to as 'Revenue from hotel operations' or 'Segmental revenue'.

Segments EBITDAR margin

Segments EBITDAR margin represents 'Segments EBITDAR' as a percentage of hotel revenue for the following Group segments: Dublin, Regional Ireland and the UK. Also referred to as hotel EBITDAR margin.

Effective tax rate

The Group's tax charge for the period divided by the profit before tax presented in the consolidated statement of comprehensive income.

Fixed lease costs

Fixed costs incurred by the lessee for the right to use an underlying asset during the lease term as calculated under IAS 17 *Leases*.

Hotel assets

Hotel assets represents the value of property, plant and equipment per the consolidated statement of financial position at 30 June 2023.

Refurbishment capital expenditure

The Group typically allocates approximately 4% of hotel revenue to refurbishment capital expenditure to ensure the portfolio remains fresh for its customers and adheres to brand standards.