DALATA HOTEL GROUP PLC

Ambitious Teams Delivering Growth

Strong recovery with trade now exceeding 2019 levels
ISE: DHG   LSE: DAL

Dublin and London | 31 August 2022: 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 2022.

€million	H1 2022	H1 2021	H1 2019	H1 2022 versus H1 2021
Revenue	**220.2**	39.6	201.9	180.7
Segments EBITDAR[1]	**90.3**	6.7	81.5	83.7
Adjusted EBITDA[1]	**83.5**	1.4	73.4	82.1
Profit/(loss) before tax	**52.0**	(37.8)	37.8	89.8
Profit/(loss) after tax	**46.7**	(30.4)	32.7	77.1
Basic earnings/(loss) per share (cents)	**21.0**	(13.6)	17.7	34.6
Adjusted basic earnings/(loss) per share[1] (cents)	**13.1**	(14.5)	17.2	27.6
Free Cashflow[1]	**56.6**	(21.0)	45.2	77.6
Free Cashflow Per Share[1] (cents)	**25.4**	(9.4)	24.5	34.8
Group key performance indicators (as reported)				
Occupancy %[1]	**69.8%**	19.9%	80.2%	
Average room rate (ARR) (€)[1]	**126.89**	81.99	110.30	
RevPAR (€)[1]	**88.61**	16.28	88.48	
Group key performance indicators ('Like for like' or 'LFL')				
'Like for like' or 'LFL' RevPAR (€)[1]	**91.75**	17.04	87.71	
as a percentage of 2019 equivalent levels	**105%**			

OPERATING PERFORMANCE AND CASH GENERATION SURPASSING 2019 LEVELS

- Surpassed business levels achieved in H1 2019 – Revenue of €220.2 million (+9%) and Adjusted EBITDA[1] of €83.5 million (+14%)
- Group RevPAR[1] up 5% on H1 2019 'LFL'
- Group RevPAR[1] up 18% on May/June 2019 'LFL'
- €46.7 million profit after tax in H1 2022 (H1 2019: €32.7 million)
- Free Cashflow[1] of €56.6 million in H1 2022 (H1 2019: €45.2 million)

DELIVERING GROWTH - ADDING 1,900+ ROOMS IN 2022 AND AT LEAST 1,125 ROOMS OPENING 2023 ONWARDS

- 1,600 rooms added in year to date (five hotels added in H1 2022, further hotel opened in August)
- Entered lease for first hotel in continental Europe
- Opened Maldron Hotel Merrion Road, Dublin in August and our 50th hotel, Clayton Hotel Glasgow City will follow in October
- Hotels currently under construction in Brighton, Liverpool, London and Manchester

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

WELL POSITIONED FOR CHALLENGES AND OPPORTUNITIES

Strong operating and development experience:

- Experienced hotel operators empowered by decentralised model running well-invested, modern portfolio
- Engaged, talented people – learning and development, career advancement opportunities, high scores in regular engagement surveys
- Track record of successfully launching new hotels – 2021/2022 new build hotels trading ahead of expectations, seamless integration of Hotel Nikko Düsseldorf, together contributed Adjusted EBITDA[1] of €4.8 million in H1 2022

Robust financial position provides opportunity to grow:

- Asset-backed balance sheet - €1.3 billion in property, plant and equipment – H1 2022 valuation uplifts of €100.3 million
- Low gearing - Net Debt to EBITDA after rent[1] of 1.9x at 30 June 2022 (2.8x at 31 December 2019) and Net Debt to Value[1] of 17% (31 December 2021: 24%)
- Cash and undrawn committed debt facilities of €365.2 million (31 December 2021: €298.5 million)

CREATING LONG-TERM VALUE WITH GROWTH STRATEGY

- Owned assets of €1.3 billion which includes costs incurred in relation to two development assets at 30 June 2022 (Maldron Hotel Merrion Road, Dublin and Maldron Hotel Shoreditch, London)
- Portfolio of leased assets which historically contributed strong cash flow for reinvestment
- Six newly leased hotels and current leased pipeline of five hotels, all in prime locations, expected to contribute annual EBITDA (after rent)[1] of approximately €25 million when fully operational
- Strong track record of identifying and securing opportunities
- Increasing footprint in Regional UK and London remains our primary focus but also looking at large European cities for growth opportunities

CONTINUED PROGRESS ON OUR SUSTAINABILITY JOURNEY

- Solid progress made on our near-term environmental targets:
  - 100% of waste now diverted from landfill
  - On track to reduce energy related emissions by 20% per room let by 2026
  - Achieved a reduction in energy consumption per room sold of 17% in Q2 2022 versus Q2 2019
- We continue to progress along our journey towards establishing medium-term emissions reduction targets in line with the Science Based Targets initiative (SBTi) criteria
  - This is a complex objective for a vertically integrated hotel business concerned with both operational and embedded carbon emissions, considering the role of construction activity in our growth model
  - Established an understanding of decarbonisation pathways to achieve reductions to our Scope 1 and 2 carbon emissions aligned with SBTi
  - We are assessing the investment models required for the Scope 1 emission reduction within a growing portfolio
  - Tools such as CRREM (Carbon Risk Real Estate Monitor) will form a key part of our modelling
  - Assessing the feasibility of addressing SBTi Scope 3 emissions targets through the supplier engagement option - expect to reach a conclusion by H2 2023
- Continuing to develop systems and processes that enable us to gather reliable data and to support better reporting, measurement and target setting, led by our finance teams to ensure accuracy and rigour

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

OUTLOOK

Trade continues to perform strongly with 'like for like' Group ARR[1] of €151 and Group occupancy[1] of 89% for July/August. 'Like for like' Group RevPAR[1] is expected to be €134 in July/August, 25% ahead of 2019 levels. Dalata's 'like for like' RevPAR[1] for July/August is expected to be 21% ahead of 2019 levels in Dublin, 36% in Regional Ireland and 15% in the UK.

Bookings are driven by continued strong leisure demand and an active events calendar. As is normal for this time of year, corporate travel decreases during the summer months but we expect this to increase from September. We are cautiously optimistic on trade for the remainder of the year.

Supply in Ireland remains reduced as a result of rooms being utilised for government related business including the provision of emergency accommodation to refugees fleeing the war in Ukraine. At present, it is not known when these rooms will return to the market. Dalata has committed up to 5% of its rooms in the Republic of Ireland to be used as emergency accommodation until the end of 2022.

The trading environment remains challenging with global inflationary cost pressures around food supply, payroll and particularly energy. Although we have not seen any impact on demand to date, inflationary costs may impact consumer discretionary spending in the future. In the face of these challenges, Dalata continues to focus on its sales and dynamic pricing strategies to optimise revenue and apply its normal cost disciplines including driving new initiatives to reduce costs. The Group continues to see significant benefit from its previous investment in systems to manage labour costs, procurement and food and beverage sales and margins.

Post period end, the Group entered into forward agreements for gas and electricity. The Group has either purchased or locked in prices for approximately 75% of its consumption for electricity and 65% of its consumption for gas for the second half of 2022. Based on its expected consumption and price estimates as of mid-August, the Group expects to use 27 million kWh of electricity at c. 50 cents per kWh and 37 million kWh of gas at c. 20 cents per kWh in H2 2022, equating to an estimated increase in gas and electricity costs from €13 million for the first six-months of 2022 to €21 million for the second six-months of 2022. These prices reflect the commodity price and regulator/pass through charges which move moderately once a year.

We continue to progress our committed pipeline of 1,125 rooms that are expected to open between 2023 and 2025. We are actively looking at new opportunities across all our regions, including continental Europe.

[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:

"The first half of 2022 was a period of strong recovery after the lifting of Covid related restrictions at the end of January. The year to date has also been very busy on the development front with the addition of six hotels (1,600 rooms) across four cities. This includes our first exciting step into continental Europe as we entered the lease for Hotel Nikko Düsseldorf. Despite a challenging start to the year, we delivered revenues of €220.2 million for the period, exceeding the levels achieved in the first half of 2019.

Over the last two years, financial stability has been a key focus for our team. I am especially happy to report that our Balance Sheet has significantly strengthened since the start of the year which ensures we have the capability to exploit opportunities to expand the portfolio further.

As a company, we have taken a responsible approach to pricing during the strong market recovery. Our average room rate in Dublin during the four month period from May to August was strong but reasonable at €166 per night. We value greatly the long term relationships such as those we enjoy with our coach tour operators, corporate customers, sporting organisations, event organisers and airlines.

ESG remains a key business focus for our central office team and across each of our hotels. How we operate sustainably and the impact we have on the environment is fundamental to decisions made every day across the Group. I am delighted to report that we reduced our energy consumption per room sold by 17% in Q2 compared with 2019. This is driven by our recently opened Dalata built hotels which are more energy efficient along with our good operational practices and initiatives and is tangible evidence of our capability to meet the challenge of responding to climate-change issues.

We continue to explore innovative and new ways in which we operate our hotels for the benefit of all stakeholders and are conscious of the need to mitigate the impact of inflation on our cost base. While technology will play a crucial role in managing costs going forward, the interest rate on our term debt to October 2024 is fixed and 60% of our rent is fixed until 2026, which will support us in the period ahead.

I am personally delighted with the progress we have made since the start of 2022. The achievements are the result of the expertise and commitment of the teams that operate throughout Dalata. I want to personally thank the entire team of people within Dalata for delivering six additional hotels and an excellent trading recovery. Despite the macroeconomic challenges, we look forward with optimism and enthusiasm to the months and years ahead."

ENDS

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 49 three and four-star hotels with 10,650 rooms and a pipeline of over 1,400 rooms. The Group currently has 29 owned hotels, 17 leased hotels and three management contracts. Dalata successfully operates Ireland's two largest hotel brands, the Clayton and the Maldron Hotels. For the first six months of 2022, Dalata reported revenue of €220.2 million and a profit after tax of €46.7 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 31 August 2022. This call can be accessed using the contact details below and the webcast will be available on the Dalata website.

From Ireland dial: **+353 1 431 1252**
From the UK dial: **+44 333 3000 804**
From the USA dial: **+1 631 913 1422**
From other locations dial: **+353 1 431 1252**
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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.

HALF YEAR 2022 FINANCIAL PERFORMANCE

€million	Six months ended 30 June 2022	Six months ended 30 June 2021
Revenue	**220.2**	39.6
Segments EBITDAR[1]	**90.3**	6.7
Hotel variable lease costs	**(1.3)**	-
Segments EBITDA[1]	**89.0**	6.7
Other income (excluding gain on disposal)	**0.6**	0.2
Central costs	**(4.9)**	(4.4)
Share-based payments expense	**(1.2)**	(1.1)
Adjusted EBITDA[1]	**83.5**	1.4
Adjusting items[2]	**17.9**	2.1
Group EBITDA[1]	**101.4**	3.5
Depreciation of PPE and amortisation	**(14.2)**	(13.7)
Depreciation of right-of-use assets	**(13.0)**	(9.8)
Operating profit/(loss)	**74.2**	(20.0)
Interest on lease liabilities	**(17.9)**	(11.8)
Other interest and finance costs	**(4.3)**	(6.0)
Profit/(loss) before tax	**52.0**	(37.8)
Tax (charge)/credit	**(5.3)**	7.4
Profit/(loss) for the period	**46.7**	(30.4)
Earnings/(loss) per share (cents) – basic	**21.0**	(13.6)
Adjusted earnings/(loss) per share[1] (cents) – basic	**13.1**	(14.5)
Hotel EBITDAR margin[1]	**41.0%**	16.9%

Summary of hotel performance

The Group's business recovered strongly during the first half of 2022, achieving revenues for the six months ending 30 June 2022 of €220.2 million, an increase of c. 5.6 times compared to the first six months of 2021 when the Group's business was significantly impacted by Covid-19 restrictions, with hotels only permitted to open for essential business for most of that period. Significant restrictions were in place during January 2022 however these restrictions eased from February 2022 onwards.

Revenue for the first half of 2022 has also surpassed the levels achieved in H1 2019 (€201.9 million) by €18.3 million (9%) driven by the expansion of the Group's portfolio. Between June 2019 and June 2022, the Group opened five new build hotels and added two existing leased hotels which together contributed €25.2 million to revenue growth in H1 2022. This was offset by the impact of the lease of the Ballsbridge Hotel, Dublin maturing in December 2021 resulting in reduced revenue of €10.9 million. Our existing hotels[3] recovered well with revenue growth of €2.5 million on H1 2019 driven by Regional Ireland and UK regions with Dublin slower to recover from the restrictions at the start of the year.

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[1] See Supplementary Financial Information which contains definitions and reconciliations of Alternative Performance Measures ('APM') and other definitions.
[2] The main adjusting item is the net property revaluation gain of €17.9 million following the valuation of property assets (six month period ended 30 June 2021: net revaluation gain of €2.5 million). Further detail on adjusting items is provided in the section titled 'Adjusting items to EBITDA'.
[3] Includes Clayton Crown Hotel, London as it effectively traded for both periods.

Group KPIs (as reported)	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2019
Occupancy	**69.8%**	19.9%	80.2%
Average room rate (ARR) (€)	**126.89**	81.99	110.30
RevPAR (€)	**88.61**	16.28	88.48
'Like for like' Group KPIs[1]			
Occupancy	**71.4%**	20.8%	79.9%
Average room rate (ARR) (€)	**128.48**	81.99	109.75
RevPAR (€)	**91.75**	17.04	87.71

Bimonthly 'like for like' Group KPIs[1]	Jan/Feb 2022	Mar/Apr 2022	May/June 2022
Occupancy	49.3%	77.6%	86.6%
Average room rate (ARR) (€)	99.97	124.06	148.11
RevPAR (€)	49.24	96.29	128.32
RevPAR as a percentage of 2019 equivalent levels	76%	109%	118%

H1 2022 'like for like' Group RevPAR reached €91.75 (105% of H1 2019). Demand has largely returned across all segments led by very strong leisure demand particularly around event dates and weekends. Corporate business returned though mix and profile was slightly more skewed towards non-international corporates as most US multinational corporates have not yet returned to pre-pandemic travel levels. In addition, the supply of hotel rooms in Ireland is temporarily reduced as a significant number of rooms are currently being utilised by the government to accommodate refugees, notably those fleeing the war in Ukraine.

Adjusted EBITDA[1] increased from €73.4 million for H1 2019 to €83.5 million for H1 2022. Excluding the impact of government support, existing hotels were back €7.7 million of which €6.3 million related to the Dublin portfolio which took longer to rebound due to its reliance on international travel. The Group received government support totalling €15.0 million in relation to payroll subsidies, grants and commercial rates waivers which helped offset reduced trading at the start of the year.

Revenue and Adjusted EBITDA[1] bridge €million	Revenue	Adjusted EBITDA[1]
Six months ended 30 June 2019	201.9	73.4
Hotels added to portfolio since June 2019	25.2	5.8
Hotel closure	(10.9)	(2.4)
Movement at existing hotels[2]	2.5	(7.7)
Effect of FX	1.5	0.6
Government support	-	15.0
Movement in other income and group expenses	-	(1.2)
Six months ended 30 June 2022	**220.2**	**83.5**

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

[2] *Includes Clayton Crown Hotel, London as it effectively traded for both periods.*

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, Hotel Nikko Düsseldorf has been included in the Dublin region.

1. Dublin Portfolio[1]

€million	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2019
Room revenue	**82.7**	10.6	84.2
Food and beverage revenue	**20.6**	3.8	25.5
Other revenue	**7.4**	1.7	8.0
Total revenue	**110.7**	16.1	117.7
EBITDAR[2]	**54.3**	2.1	55.6
Hotel EBITDAR margin %[2]	**49.1%**	13.3%	47.2%
Performance statistics ('like for like')[3]			
Occupancy	**75.0%**	19.1%	86.3%
Average room rate (ARR) (€)	**139.32**	74.92	122.10
RevPAR (€)	**104.49**	14.31	105.43
RevPAR % change on six months ended 30 June 2019	**(1%)**		
Dublin owned and leased portfolio			
Hotels at period end	**17**	16	16
Room numbers at period end	**4,690**	4,488	4,478

Bimonthly performance statistics ('like for like')[3]	**Jan/Feb 2022**	**Mar/Apr 2022**	**May/June 2022**
RevPAR (€)	48.26	106.96	156.37
RevPAR as percentage of equivalent 2019 levels	63%	101%	119%
Occupancy as a percentage of equivalent 2019 levels	66%	92%	98%

The Dublin portfolio consists of seven Maldron hotels, seven Clayton hotels, The Gibson Hotel, The Samuel Hotel and Hotel Nikko Düsseldorf[1]. Nine hotels are owned and eight are operated under leases. The Samuel Hotel opened in April 2022 and we entered into a lease for Hotel Nikko Düsseldorf in February 2022, representing the Group's first step into the continental Europe. The lease on the Ballsbridge Hotel matured on 31 December 2021.

Overall, trade for the six months ending 30 June 2022 significantly exceeded H1 2021 which was impacted by Covid-19 restrictions, with hotels only permitted to open for essential business for most of that period. 'Like for like' Dublin RevPAR for the first six months of 2022 reached 99% of H1 2019 levels.

Following the relaxation of Covid-19 restrictions at the end of January 2022, hotels in Dublin are benefiting from pent-up leisure demand, the return of international travel and corporate visitors and a surge in the number of events in the city. There are also a significant number of rooms in the city currently being used for government related business, in particular to accommodate refugees fleeing the war in Ukraine which has impacted supply.

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[1] Dublin portfolio includes the operating performance of Hotel Nikko Düsseldorf which was leased from February 2022 as it is a single asset not yet meriting a separate region due to scale.

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

[3] The reference to 'like for like' hotels in Dublin for performance statistics (occupancy, ARR andRevPAR) reflect a half year performance of all hotels except the Ballsbridge Hotel as this lease matured at the end of 2021, Hotel Nikko Düsseldorf which was leased from February 2022 and The Samuel Hotel which is newly opened since April 2022.

Dublin's 'like for like' occupancy[1] has steadily returned towards 2019 levels with ARR significantly ahead of those levels reflecting demand and strong pricing to recover increasing costs. During the first six months of 2022, Dublin's 'like for like' ARR increased to €139.32, 14% ahead of equivalent 2019 levels. For May/June 2022, the 'like for like' ARR was 21% ahead of the same period in 2019. During May and June, Dalata's Dublin hotels had 30 compression nights (where occupancy exceeded 95%) surpassing the Dublin market as a whole which had 15 compression nights.

Food and beverage revenue increased by €16.7 million to €20.6 million compared to H1 2021, however, remained 15% behind 2019 levels on a 'like for like' basis. Revenue generation was impacted by Covid-19 restrictions in place at the start of 2022 and conference and banqueting events not yet having returned to pre-pandemic levels in the period.

Total revenue and EBITDAR[2] reached €110.7 million and €54.3 million respectively for the first six months of 2022. Revenue remained €7.1 million behind 2019 levels due to the net impact of changes in the number of hotels in the Dublin portfolio resulting in lower revenues of €4.1 million. Revenue from existing hotels was €3.0 million lower, driven by a €11 million decrease in Q1 2022 performance versus Q1 2019.

EBITDAR[2] is approaching pre-pandemic levels, at €1.2 million (2%) behind H1 2019. Excluding the impact of government support, EBITDAR[2] for the 'like for like' Dublin portfolio was €6.0 million lower than 2019 equivalent levels. Due to its reliance on international travel, Dublin took longer to rebound at the start of the year compared to the other regions. However, the utilisation of government support totalling €9.0 million for the period helped alleviate the impact of reduced trading at the start of 2022. For the first six months of 2022, government support included subsidies and grants of €7.8 million (H1 2021: €10.8 million) and commercial rates waivers of €1.2 million (H1 2021: €2.5 million).

2. Regional Ireland Hotel Portfolio

€million	**Six months ended 30 June 2022**	**Six months ended 30 June 2021**	**Six months ended 30 June 2019**
Room revenue	**26.9**	7.3	22.1
Food and beverage revenue	**12.1**	3.3	12.2
Other revenue	**3.9**	1.0	4.2
Total revenue	**42.9**	11.6	38.5
EBITDAR[2]	**14.8**	3.2	9.4
Hotel EBITDAR margin %[2]	**34.5%**	27.2%	24.5%
Performance statistics[3]			
Occupancy	**68.0%**	23.9%	70.0%
Average room rate (ARR) (€)	**117.09**	90.55	93.59
RevPAR (€)	**79.57**	21.65	65.52
RevPAR % change on six months ended 30 June 2019	**21%**		
Regional Ireland owned and leased portfolio			
Hotels at period end	**13**	13	13
Room numbers at period end	**1,867**	1,867	1,867

[1] *The reference to 'like for like' hotels in Dublin for performance statistics (occupancy, ARR, RevPAR) and food and beverage revenue reflect a half year performance of all hotels except the Ballsbridge Hotel as this lease matured at the end of 2021, Hotel Nikko Düsseldorf which was leased from February 2022 and The Samuel Hotel which is newly opened since April 2022.*

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

[3] *The reference to Regional Ireland performance statistics (occupancy, ARR and RevPAR) reflect a half year performance of all hotels in this portfolio.*

Bimonthly performance statistics[1]	Jan/Feb 2022	Mar/Apr 2022	May/June 2022
RevPAR (€)	45.31	84.33	107.95
RevPAR as a percentage of equivalent 2019 levels	99%	130%	127%
Occupancy as a percentage of equivalent 2019 levels	82%	102%	103%

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.

Overall, trade for the six months ending 30 June 2022 significantly exceeded 2021 comparative levels which were impacted by Covid-19 restrictions for most of that period. Regional Ireland RevPAR for the first six months of 2022 has recovered strongly to €79.57, 21% ahead of RevPAR for the equivalent six month period in 2019. The hotels are benefiting from strong leisure demand particularly around weekends, the Easter break and summer holidays. There has also been an uplift in events in the cities of Cork and Galway. Similar to Dublin, rooms in Regional Ireland are also currently being used for government related business, including to accommodate refugees fleeing the war in Ukraine though to a lesser extent in the locations in which Dalata operate.

Since April, occupancy levels for the Regional Ireland portfolio have exceeded the equivalent levels for 2019. ARR is also very strong, reflecting increased demand and increased pricing to recover costs. For the first six months of 2022, Regional Ireland's ARR increased to €117.09, 25% ahead of 2019 equivalent levels. For May/June 2022, ARR was 23% ahead of the same period in 2019.

For the first six months of 2022, food and beverage revenue amounted to €12.1 million in line with pre-pandemic levels, despite lower trade in January due to restrictions and the slower return of events and conference related business in the period.

Total revenue and EBITDAR[2] for the period reached €42.9 million and €14.8 million respectively for the first six months of 2022 with revenue exceeding 2019 levels by €4.4 million (11%) and EBITDAR[2] (excluding government support) by €0.7 million (7%). Government support included subsidies and grants of €4.1 million (H1 2021: €8.1 million) and commercial rates waivers of €0.6 million (H1 2021: €1.1 million).

[1] The reference to Regional Ireland performance statistics (occupancy, ARR and RevPAR) reflect a half year performance of all hotels in this portfolio.

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

3. UK Hotel Portfolio

Local currency - £million	**Six months ended 30 June 2022**	**Six months ended 30 June 2021**	**Six months ended 30 June 2019**
Room revenue	**42.9**	7.4	28.5
Food and beverage revenue	**10.3**	2.2	8.4
Other revenue	**3.1**	0.6	3.0
Total revenue	**56.3**	10.2	39.9
EBITDAR[1]	**18.0**	1.2	14.4
Hotel EBITDAR margin %[1]	**32.0%**	11.8%	36.2%
Performance statistics ('like for like')[2]			
Occupancy	**68.3%**	21.2%	77.1%
Average room rate (ARR) (£)	**99.62**	73.45	86.38
RevPAR (£)	**68.05**	15.54	66.59
RevPAR % change on six months ended 30 June 2019	**2%**		
UK owned and leased portfolio			
Hotels at period end	**15**	12	11
Room numbers at period end	**3,659**	2,644	2,445

Bimonthly performance statistics ('like for like')[2]	**Jan/Feb 2022**	**Mar/Apr 2022**	**May/June 2022**
RevPAR (£)	44.78	73.80	84.81
RevPAR as a percentage of equivalent 2019 levels	83%	112%	107%
Occupancy as a percentage of equivalent 2019 levels	76%	95%	93%

The UK hotel portfolio comprises 10 Clayton hotels and five Maldron hotels with two hotels situated in London, 10 hotels in regional UK and three hotels in Northern Ireland. Six hotels are owned, eight are operated under long-term leases and one hotel is effectively owned through a 99-year lease. Clayton Hotel Manchester City Centre, Maldron Hotel Manchester City Centre and Clayton Hotel Bristol City opened in the first quarter of 2022 and Maldron Hotel Glasgow City opened in August 2021. The sale of Clayton Crown Hotel, London was completed in June 2022.

Overall, trade for the six months ending 30 June 2022 significantly exceeded 2021 levels which was impacted by Covid-19 restrictions for most of that period. For the first six months of 2022, 'like for like' UK RevPAR grew from £15.54 in H1 2021 to £68.05 in H1 2022, representing an increase of 2% above the levels achieved for H1 2019.

Following a challenging start to 2022 due to the impact of the Omicron Covid-19 variant, UK occupancy levels steadily improved from 51.6% in Jan/Feb to 78.6% in May/June on a 'like for like' basis. For the first six months of 2022, the 'like for like' average room rate for the UK exceeded pre-pandemic levels, increasing by 15% to £99.62 compared to H1 2019.

Our Regional UK and Northern Ireland hotels are performing well with 'like for like' RevPAR of 111% of 2019 levels in May/June underpinned by strong levels of leisure and corporate demand. As expected, London experienced a slower start to the recovery due to its reliance on international travel but trade has picked up since February with our London hotels achieving 'like for like' RevPAR at 96% of 2019 levels in May/June 2022.

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[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 (occupancy, ARR and RevPAR) reflect a half year performance regardless of when acquired. Maldron Hotel Glasgow City is excluded as it only opened in August 2021. Clayton Hotel Manchester City Centre, Maldron Hotel Manchester City Centre and Clayton Hotel Bristol City are excluded as these only opened during 2022. Clayton Crown Hotel, London is included as it effectively traded for all above periods.*

For the first six months of 2022, food and beverage revenue amounted to £10.3 million. The uplift of 23% on H1 2019 levels was driven by the additional five hotels added since the end of June 2019.

For the first six months of 2022, the UK portfolio achieved revenue of £56.3 million and EBITDAR[1] of £18.0 million, with revenue exceeding H1 2019 levels by £16.4 million (41%) and EBITDAR[1] by £3.6 million (25%) respectively. The additional five hotels added since June 2019 contributed an uplift of £15.5 million in revenue and £4.2 million in EBITDAR[1] during H1 2022. Revenue for the existing UK portfolio[2] exceeded 2019 equivalent levels by £0.9 million but remained £1.8 million behind 2019 at an EBITDAR[1] level (excluding government assistance) impacted by restrictions at the start of the period.

The Group received government assistance totalling £1.1 million in the form of non payroll-related grants amounting to £0.1 million (H1 2021: £1.9 million) and commercial rates waivers of £1.0 million during the period (H1 2021: £2.1 million). The Coronavirus Job Retention Scheme, which was available to employees in the UK, ended on 31 September 2021 and no amounts were received under the scheme during the period (H1 2021: £1.7 million).

Government grants and assistance

The Group continued to avail of support schemes from the Irish and UK governments during the period. The Group's EBITDA for the six months ended 30 June 2022 reflects government grants of €12.0 million and assistance (by way of commercial rates waivers) of €3.0 million.

€million	**Six months ended 30 June 2022**	Six months ended 30 June 2021
Employment Wage Subsidy Scheme (Ireland)	**10.5**	15.3
Coronavirus Job Retention Scheme (UK)	**-**	1.9
Other government grants related to income	**1.5**	5.8
Total grants	**12.0**	23.0

The Group received wage subsidies from the Irish government amounting to €10.5 million during the period 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 (2021: availed of for the full year from 1 January 2021 to 31 December 2021). The Coronavirus Job Retention Scheme, which was available to employees in the UK, ended on 30 September 2021 and no amounts were received under the scheme during the period (H1 2021: £1.7 million (€1.9 million)).

The Group also availed of non payroll-related government grants totalling €1.5 million which were introduced to support businesses during the pandemic and contribute towards re-opening and other operating costs. These principally relate to the Covid Restrictions Support Scheme and Failte Ireland Tourism Accommodation Providers Continuity Scheme in Ireland.

In addition, the Group received financial assistance by way of commercial rates waivers which represented a saving of €1.8 million in the six months ending 30 June 2022 at the Group's Irish hotels (H1 2021: €3.6 million) and £1.0 million (€1.2 million) at its UK hotels (H1 2021: £2.1 million (€2.5 million)). Commercial rate waivers were introduced on 27 March 2020 in Ireland and 1 April 2020 in the UK. In the Republic of Ireland, Scotland and Wales, full rates waivers were in place until 31 March 2022. In Northern Ireland, full rate waivers were in place until 30 June 2022. In England, full rate waivers were available from 1 January 2021 to 30 June 2021 with the rates relief decreasing to 66% for the period from 1 July 2021 to 31 March 2022.

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

[2] *Includes Clayton Crown Hotel, London as it effectively traded for both periods.*

Under the Debt Warehousing scheme introduced by the Irish government, Irish VAT liabilities of €3.4 million and payroll tax liabilities of €7.6 million have been deferred during the period and these have been added to amounts already warehoused during 2020 and 2021. At 30 June 2022, €37.1 million in Irish deferred VAT and payroll liabilities, is payable to the Irish government under the scheme. €34.8 million of the total warehoused tax liabilities is repayable by 30 April 2023, while the remaining €2.3 million is repayable by 31 December 2022. There were no further deferrals of UK VAT or payroll tax liabilities during the period.

In May 2022, the Irish government announced the extension of the 9% VAT rate for the tourism and hospitality sectors which will remain in place until 28 February 2023.

Central costs

Central costs amounted to €4.9 million during the period, representing an increase of 11.1% on the same period in 2021 (€4.4 million). The increase was primarily driven by an increase in central sales and marketing spend as hotels were largely closed to the public in H1 2021 and an increase in employee headcount resulting in higher salaries and wages cost.

Adjusting items to EBITDA

€million	**Six months ended 30 June 2022**	Six months ended 30 June 2021
Net property revaluation movements through profit or loss	**17.9**	2.5
Gain on disposal of Clayton Crown Hotel, London	**3.9**	-
Hotel pre-opening expenses	**(1.9)**	(0.4)
Net reversal of previous impairment charges of fixtures, fittings and equipment	**0.4**	-
Net impairment of right-of-use assets	**(2.4)**	(0.3)
Remeasurement gain on right-of-use assets	**-**	0.3
Adjusting items	**17.9**	2.1

Adjusted EBITDA[1] is presented as an alternative performance measure to show the underlying operating performance of the Group. Consequently, 'adjusting items', which are not reflective of normal trading activities or distort comparability either period on period or with other similar businesses, are excluded.

The Group recorded a net revaluation gain of €100.3 million on the revaluation of its property assets at June 2022 of which €17.9 million was recorded through profit or loss as the reversal of previous revaluation losses recognised through profit or loss (H1 2021: €3.6 million). There were no revaluation losses through profit or loss in the period (H1 2021: €1.1 million). Further detail is provided in the 'Property, plant and equipment' section (note 13) of the interim financial statements.

On 21 June 2022, the Group completed the sale of Clayton Crown Hotel, London for net proceeds of €24.1 million (£20.7 million). As a result, the hotel property and related fixtures, fittings and equipment of €20.2 million (£17.4 million) were derecognised from the statement of financial position. A gain on disposal of €3.9 million (£3.3 million) was recognised in profit or loss for the period ended 30 June 2022 (note 13).

The Group also incurred €1.9 million of pre-opening expenses in the period. These expenses related to seven hotels added to the portfolio, five of which opened in the first six months of 2022, with Maldron Hotel Merrion Road, Dublin having subsequently opened in August 2022 and Clayton Hotel Glasgow City scheduled to open in October 2022.

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

In line with accounting standards, impairment tests were carried out on the Group's cash-generating units ('CGUs') at 30 June 2022. Each hotel operating business is deemed to be a CGU as the cash flows generated are independent of other hotels in the Group. As a result of the impairment tests, one of the Group's right-of-use assets was impaired by €3.3 million at 30 June 2022. Testing also resulted in an impairment reversal of €1.3 million relating to a right-of-use asset (€0.9 million) and fixtures, fittings and equipment (€0.4 million).

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 €3.2 million to €13.0 million due to the impact of entering into six[1] new leases since the end of June 2021. The additional depreciation from these new leases is partially offset by the reduced depreciation from the lease for the Ballsbridge Hotel, which matured on 31 December 2021.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment increased by €0.5 million to €13.9 million in the first six months of 2022. The increase primarily relates to the addition of five leased hotels during the first four months of 2022 and the Maldron Hotel Glasgow City which opened in August 2021.

Finance Costs

€million	**Six months ended 30 June 2022**	Six months ended 30 June 2021
Interest expense on bank loans and borrowings	**3.9**	4.9
Impact of interest rate swaps	**0.6**	1.3
Other finance costs	**1.4**	1.0
Capitalised interest	**(1.6)**	(1.2)
Finance costs excluding lease interest	**4.3**	6.0
Interest on lease liabilities	**17.9**	11.8
Finance costs	**22.2**	17.8

Finance costs related to the Group's loans and borrowings reduced from €6.0 million for H1 2021 to €4.3 million for H1 2022. Finance costs excluding lease interest reduced by €1.7 million due in part to lower average borrowings. The Group's weighted average interest cost with respect of Sterling denominated borrowings for the period was 3.9% (30 June 2021: 3.6%). There were no Euro borrowings drawn during the period ended 30 June 2022.

Interest on lease liabilities increased by €6.0 million to €17.9 million primarily due to the impact of entering into six[1] new leases since the end of June 2021.

Tax charge

The tax charge for the six months ended 30 June 2022 of €5.3 million primarily relates to current tax in respect of profits earned in Ireland during the period. The Group incurred corporation tax losses in the UK and Germany during the period ended 30 June 2022. The deferred tax credit of €0.3 million primarily relates to these losses offset by a deferred tax charge arising in respect of the reversal of previous revaluation losses in relation to land and buildings. At 30 June 2022, the Group has deferred tax assets of €19.0 million in relation to tax losses which can be utilised in future periods.

[1] *Includes the lease for Maldron Hotel Glasgow City, Clayton Hotel Manchester City Centre, Maldron Hotel Manchester City Centre, Hotel Nikko Düsseldorf, Clayton Hotel Bristol City and The Samuel Hotel, Dublin.*

Earnings per share (EPS)

The Group generated a profit after tax of €46.7 million for the six months ending 30 June 2022 (loss after tax of €30.4 million for the six months ending 30 June 2021). This strong operating performance has resulted in basic earnings per share of 21.0 cents (H1 2021: loss per share of 13.6 cents) and an adjusted basic earnings per share[1] of 13.1 cents (H1 2021: loss per share of 14.5 cents).

RETURNING TO STRONG CASH FLOW GENERATION

The Group continues to have a strong liquidity position with significant financial resources and the recovery in trade has ensured a return to strong cash flow generation. At 30 June 2022, the Group had cash resources of €76.1 million and undrawn committed debt facilities of €289.1 million (31 December 2021: cash and undrawn debt facilities of €298.5 million).

Free Cashflow[1]	**Six months ended 30 June 2022**	Six months ended 30 June 2021	Six months ended 30 June 2019
Net cash from operating activities	**100.4**	5.6	71.2
Other interest and finance costs paid	**(7.5)**	(7.0)	(5.2)
Refurbishment capital expenditure paid	**(4.4)**	(1.3)	(8.1)
Fixed lease payments	**(23.0)**	(15.7)	(12.8)
Add back pre-opening costs	**1.9**	0.4	0.1
Exclude impact from net tax deferrals under Debt Warehousing scheme	**(10.8)**	(3.0)	-
Free cash inflow/(outflow)	**56.6**	(21.0)	45.2

Under the Debt Warehousing scheme introduced by the Irish government, the Group deferred VAT and payroll tax liabilities totalling €11.0 million during the first six months of 2022. At 30 June 2022, €37.1 million in Irish deferred VAT and payroll liabilities, is payable to the Irish government under the scheme. €34.8 million of the total warehoused tax liabilities is repayable by 30 April 2023, while the remaining €2.3 million is repayable by 31 December 2022.

Lease payments payable under current lease contracts as at 30 June 2022 are projected to be €24.3 million for the six months ending 31 December 2022 and €48.3 million for the year ending 31 December 2023 due to the full year impact of leases which were added during 2022. In addition to this, the Group has committed to non-cancellable lease rentals and other contractual obligations payable under agreements for leases which have not yet commenced at 30 June 2022. These payments are projected to amount to €0.9 million for the six month period ending 31 December 2022 and €2.8 million for the year ending 31 December 2023. The timing and amounts payable are subject to change depending on the date of commencement of these leases and final bedroom numbers.

At 30 June 2022, the Group has capital expenditure commitments totalling €26.7 million which relates primarily to the new Maldron Hotel at Shoreditch, London.

Post period end, the Group legally completed the agreed contract to sell the 69 residential units to Irish Residential Properties REIT plc ('I-RES') for sales proceeds of €42.5 million in August 2022. The Maldron Hotel Merrion Road, Dublin opened in August 2022.

[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 2022**	31 December 2021
Non-current assets		
Property, plant and equipment	**1,324.0**	1,243.9
Right-of-use assets	**636.9**	491.9
Intangible assets and goodwill	**31.7**	32.0
Other non-current assets[1]	**35.1**	29.4
Current assets		
Trade and other receivables and inventories	**41.2**	15.4
Contract fulfilment costs	**39.4**	36.3
Cash and cash equivalents	**76.1**	41.1
Total assets	**2,184.4**	1,890.0
Equity	**1,084.2**	957.4
Loans and borrowings	**276.4**	313.5
Lease liabilities	**628.5**	481.9
Trade and other payables	**126.2**	84.7
Other liabilities[2]	**69.1**	52.5
Total equity and liabilities	**2,184.4**	1,890.0

The Group's balance sheet remains robust with property, plant and equipment of €1.3 billion in prime locations across Ireland and the UK. At 30 June 2022, the Group had cash and undrawn debt facilities of €365.2 million and low gearing with Net Debt to Value[3] of 17% (31 December 2021: 24%). The Group's strong balance sheet ensures it is well positioned to benefit from opportunities in the future as well as withstand challenges as demonstrated during the Covid-19 pandemic.

Property, plant and equipment

Property, plant and equipment amounted to €1,324.0 million at 30 June 2022. The increase of €80.1 million since 31 December 2021 is driven principally by revaluation movements on property assets of €100.3 million, additions of €20.3 million and borrowing costs of €1.3 million capitalised during the period, partially offset by the disposal of the Clayton Crown Hotel, London which had a carrying value of €20.2 million at the time of sale, a depreciation charge of €13.9 million for the period and a foreign exchange loss on the retranslation of Sterling denominated assets of €8.0 million.

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

Following the impact of the pandemic, the Group recognised net revaluation losses of €174.4 million for the year ended 31 December 2020, representing a circa 13% decrease on valuations versus December 2019. There has been a €100.3 million uplift in valuations in H1 2022 which reflects recovery in trade and future cash flow projections since then.

[1] Other non-current assets comprise investment property, deferred tax assets, derivative assets and other receivables (which include costs of €1.1 million associated with future lease agreements for hotels currently being constructed or in planning (31 December 2021: €3.8 million)).
[2] Other liabilities comprise deferred tax liabilities, derivative liabilities, provision for liabilities and current tax liabilities.
[3] See Supplementary Financial Information which contains definitions and reconciliations of Alternative Performance Measures ('APM') and other definitions.

Revaluation uplifts of €100.3 million were recorded on our property assets in the six months ending 30 June 2022. €82.4 million of the net gains are recorded as an uplift through the revaluation reserve. €285.8 million remains in the revaluation reserve as at 30 June 2022 relating to prior periods unreversed revaluation gains. €17.9 million of the net revaluation uplifts for the six months ending 30 June 2022 are recorded through profit or loss.

Additions through acquisitions and capital expenditure €million	**Six months ended 30 June 2022**	Six months ended 30 June 2021
Development capital expenditure:		
Construction of new build hotels, hotel extensions and renovations	**14.5**	2.7
Other development expenditure	**0.2**	0.7
Total development capital expenditure	**14.7**	3.4
Total refurbishment capital expenditure	**5.6**	1.5
Additions to property, plant and equipment	**20.3**	4.9

During the pandemic, the Group reduced non committed and non essential capital expenditure to preserve cash. Following the recovery in trade, the Group has returned to allocating approximately 4% of revenue to refurbishment capital expenditure. The Group incurred €5.6 million of refurbishment capital expenditure during the period which mainly related to the refurbishment of bedrooms and upgrades to public areas.

During the period, the Group incurred €14.7 million on development capital expenditure including €7.3 million on the development of the new Maldron Hotel Merrion Road, Dublin and €4.0 million in relation to the new Maldron Hotel Shoreditch, London.

Contract fulfilment costs

Contract fulfilment costs related to the Group's contractual agreement with I-RES entered into on 16 November 2018, for I-RES to purchase on completion a residential development being constructed by the Group (comprising 69 residential units) on the site of the former Tara Towers hotel. Dalata incurred development costs in fulfilling the contract of €2.7 million during the period. Post period end, the Group completed its contractual agreement with I-RES for total sales proceeds of €42.5 million in August 2022.

	€million
Contract fulfilment costs at 1 January 2022	36.3
Costs incurred in fulfilling contract during the period	2.7
Capitalised borrowing costs	0.4
Contract fulfilment costs at 30 June 2022	**39.4**

Right-of-use assets and lease liabilities

At 30 June 2022, the Group's right-of-use assets amounted to €636.9 million and lease liabilities amounted to €628.5 million.

€million	Lease liabilities	Right-of-use assets
At 31 December 2021	481.9	491.9
Additions	152.1	160.9
Depreciation charge on right-of-use assets	-	(13.0)
Interest on lease liabilities	17.9	-
Impairment charge	-	(3.3)
Reversal of previous impairment charges	-	0.9
Remeasurement of lease liabilities	6.0	6.0
Lease payments	(23.0)	-
Translation adjustment	(6.4)	(6.5)
At 30 June 2022	**628.5**	**636.9**

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 30.0 years (31 December 2021: 30.1 years). Additions to lease liabilities during the period arose from the Group entering into four new leases relating to the:

- 35-year lease for Maldron Hotel Manchester City Centre in February 2022 for €32.2 million (£27.1 million)
- 20-year lease for Hotel Nikko Düsseldorf in February 2022 for €49.6 million
- 35-year lease for Clayton Hotel Bristol City in March 2022 for €32.4 million (£27.0 million)
- 35-year lease for The Samuel Hotel, Dublin in April 2022 for €37.9 million

The weighted average incremental borrowing rate for new leases entered into during the period ended 30 June 2022 was 7.04% (31 December 2021: 6.8%). Additions to right-of-use assets includes €152.1 million of lease liabilities and €8.8 million relating to lease prepayments and initial direct costs.

Following agreed rent reviews, which formed part of the original lease agreements, certain of the Group's leases were reassessed during the period. This resulted in an increase in lease liabilities and related right-of-use assets of €6.0 million.

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 14 to the interim financial statements.

Loans and borrowings

As at 30 June 2022, the Group had loans and borrowings of €276.4 million and undrawn committed debt facilities of €289.1 million. Loans and borrowings decreased from 31 December 2021 (€313.5 million) mainly due to net loan repayments totalling €28.8 million and foreign exchange movements which decreased the translated value of the loans drawn in Sterling by €6.9 million.

At 30 June 2022	**Sterling borrowings £million**	**Euro borrowings €million**	**Total borrowings €million**
Term Loan	176.5	-	205.7
Revolving credit facility:			
- Drawn in Sterling	65.0	-	75.7
- Drawn in Euro	-	-	-
External loans and borrowings drawn at 30 June 2022	**241.5**	**-**	**281.4**
Accounting adjustment to bring to amortised cost			(5.0)
Loans and borrowings at amortised cost at 30 June 2022			**276.4**

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.

As part of the extension of the loan facility agreement reached in November 2021, the Group also agreed additional flexibility on covenants to support the Group following the continued impact of Covid-19 whereby the previous 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 will now not be tested until 30 June 2023. A Net Debt to Value[1] covenant and a minimum liquidity (cash and/or undrawn facilities) requirement of €50 million, will remain in place until that date. At 30 June 2023, the Net Debt to EBITDA covenant limit is 4.0x and the Interest Cover minimum is 4.0x. The Group is in compliance with its covenants at 30 June 2022. The Group's Net Debt to EBITDA after rent[1] ratio is 1.9x at 30 June 2022 (31 December 2021: 9.1x).

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 2024. Until 26 October 2023, interest rate swaps fix the SONIA benchmark rate between c. 1.3% and 1.4% on Sterling term denominated 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 2022, but all revolving credit facilities were subsequently repaid in August 2022.

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

PRINCIPAL RISKS AND UNCERTAINTIES

Since we published an assessment of principal risks and uncertainties with our 2021 annual results announcement (and the 2021 Annual Report) last March, we note an increase in risk associated with external concerns, including the impact of market uncertainties on demand, cost inflation and the outlook for economic growth generally. We have continued to integrate climate change issues within the risk management and strategic planning processes, and we consider the profile of the principal internal risks to be stable over the six months. While we remain vigilant, the risks associated with Covid-19 have abated.

The principal risks and uncertainties facing the Group are:

1. **Market uncertainty arising from external events outside the Group's control** – Several important drivers of the Group's performance, including customer demand, and the cost and availability of supplies and labour, are influenced by factors outside its control, including geopolitical and economic trends.

   Russia's invasion of Ukraine in February has disrupted energy markets and supply chains, prompting significant energy price increases and exacerbating inflation across a range of supplies. The availability of some products has been affected, and the Group also faces rising wage costs in a tight post-Covid labour market.

   Rising inflation has prompted central banks to increase interest rates leading to further cost of living increases for households and the threat of weaker demand for travel and hotel accommodation services. The threat of economic recession, predicted by many commentators, increases uncertainty in the near term.

   The Group's management and governance structures provide the basis for an agile response to external threats, and investment in management information systems in recent years has enhanced its response capability. Weekly bottom-up revenue and profit forecasts provide management with accurate and timely information to support its decision-making.

   The Group's interest rate hedging arrangement provides stability up to October 2024, and rent review caps within the Group's long-term property leases protect against excess inflation for this significant outflow.

2. **Living with Covid** – Disruption caused by the Covid-19 pandemic remains a threat, however, the development of vaccines and widespread lifting of travel restrictions has diminished its impact over the last six months leading to a strong recovery in the business. The Group developed and implemented strategies to protect the financial integrity of the Group and the health and well-being of employees and customers during the emergency phase of the pandemic.

3. **Recruitment, retention and development of resources** – Dalata's success depends on its continuing ability to recruit, develop and retain people capable of executing its business plan in a growing portfolio of hotels. We recognise failure to recruit, retain and develop talent throughout the organisation as a key risk to our growth ambition.

   The Group positions recruitment, training and development as a strategic priority, allowing it to develop a pipeline of internal talent to support its expanding operations. The combination of graduate recruitment and structured development programmes delivered through the Dalata Academy provides career pathways for employees across all business functions and entry levels. Despite the disruption of Covid-19, the substantial majority of managers at the new hotels opened in 2021 and 2022 were internal hires.

4. **Expansion and development strategy** – As an ambitious growth-focused business, there is a risk that fewer value-adding opportunities are available or that the Group may choose riskier options, particularly in an uncertain macro risk environment.

   Dalata's management team has extensive experience through several economic cycles and turbulent events affecting the hotel industry. It maintains a structured approach to investment decision-making and continually assesses risk and opportunity within the hotel investment market. The Board, comprised of a majority of independent non-executive directors, exercises oversight over strategy and approves all new hotel developments following rigorous assessment.

   These processes have supported the successful opening of six hotels this year, the decision to initiate expansion into continental Europe at Hotel Nikko Düsseldorf and the development of a pipeline of six new hotels, including Clayton Hotel Glasgow City which is scheduled to open in October 2022.

5. **Information security and data protection** – We recognise the threat of cybercrime, the risk associated with information security and our compliance obligations when processing personal data.

   To assist us in managing these risks, we have implemented a modern technology and business system platform across the Group. We operate information system controls in line with ISO 270001 and have established risk management processes supported by external expert advice. These processes are subject to internal audit review and oversight by the audit and risk committee.

6. **Our culture and values** – The Board and management view Dalata's culture as an essential Group asset, a market differentiator and a source of competitive advantage. We recognise that our expansion may dilute the culture that has been key to the Group's success.

   Using the UK Corporate Governance Code as its guide, the Board establishes the Group's purpose, values and strategy and ensures that these and its culture are aligned. The ESG committee, on behalf of the board, assesses culture annually.

   This year the Group has refreshed and relaunched its code of conduct and engaged our leading suppliers to explain our response to climate-related issues and enlist their support for other ESG priorities within their sphere of influence. We use the findings from employee engagement surveys carried out twice each year to improve the employee experience, and the board receives regular feedback from employees through the work carried out by the non-executive director with designated responsibility for employee engagement. We monitor customer sentiment continuously as an additional source of assessment of the corporate culture and emphasise the importance of culture in management training and development programmes.

7. **Climate change –** During 2022, we have continued to integrate climate change issues within the risk management and strategic planning processes. We consider the risk associated with regulation (current and emerging), technology, legal liability, market behaviour, and reputation, as well as the acute and chronic physical risks related to climate change. We consider the need for a significant reduction in transport emissions and how that may influence our customer's travel choices as a critical concern. As a hotel owner, developer, asset manager and operator, the Group is concerned with the embedded carbon emissions associated with new hotel construction and refurbishment, and emissions from day-to-day hotel operations. The effect of these market risks represents a significant threat to our earnings and asset values.

   Earlier this year, the Group set a short-term emissions reduction target and continues to develop a strategy to meet the emission reduction targets set out by the Paris Agreement. We continue to progress along our journey to establish medium-term targets in line with SBTi criteria. However, this is a complex objective for a vertically integrated hotel business concerned with both operational and embedded carbon emissions, as noted above, considering the role of construction activity in its growth model. The Group is committed to transparent communication with stakeholders on this journey.

8. **Health, safety and security** – As a large hotel operator, we manage risks associated with life safety, fire safety, food safety and security. 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 manage these risks by implementing well-established health, safety and security policies in all properties. Preventative maintenance programmes are in place at each hotel, and we assess health and safety risks and opportunities for improvement in the design of new hotels and refurbishment projects.

   The Group engages Bureau Veritas to independently assess the adequacy of measures at each hotel designed to meet promised health and safety standards concerning fire, safety and hazard management. Our hotels are also subject to regular unannounced independent food safety audits.

   The audit and risk committee monitors the Group's health and safety risk management activity including through internal audit.

9. **Changing hospitality market and customer behaviour** – We recognise that changes in the hotel market and customer behaviour are occurring and that these changes, while providing opportunities for us, also carry risks. There is a risk that our business does not adapt to a changing market landscape or that we implement strategies that do not meet customer expectations.

   The board and management team continually monitor market dynamics and changes in customer behaviour and expectations.

   We have invested in modern and standardised technology platforms that support a better customer experience. The Group's decentralised hotel management philosophy is designed to respond to customer needs on the ground.

   In 2022, we created new positions supporting innovation in technology and our business to support our strategy in the changing market.

Statement of Directors' responsibilities
For the half-year ended 30 June 2022

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 2022 ("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 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 *Director*	Dermot Crowley *Director*

DALATA
HOTEL GROUP PLC

Unaudited condensed consolidated interim financial statements

for the six months ended 30 June 2022

Dalata Hotel Group plc

Unaudited condensed consolidated statement of comprehensive income

for the six months ended 30 June 2022

	Note	**6 months ended 30 June 2022 €'000**	6 months ended 30 June 2021 €'000
Continuing operations			
Revenue	*4*	**220,248**	39,586
Cost of sales		**(76,163)**	(13,191)
Gross profit		**144,085**	26,395
Administrative expenses	*5*	**(74,398)**	(46,657)
Other income	*6*	**4,474**	258
Operating profit/(loss)		**74,161**	(20,004)
Finance costs	*9*	**(22,154)**	(17,814)
Profit/(loss) before tax		**52,007**	(37,818)
Tax (charge)/credit	*11*	**(5,262)**	7,443
Profit/(loss) for the period attributable to owners of the Company		**46,745**	(30,375)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Revaluation of property	*13*	**82,400**	(1,940)
Related deferred tax		**(9,189)**	839
		73,211	(1,101)
Items that are or may be reclassified subsequently to profit or loss			
Exchange (loss)/gain on translating foreign operations		**(8,654)**	18,741
Gain/(loss) on net investment hedge		**6,943**	(14,157)
Fair value gain on cash flow hedges		**6,689**	2,297
Cash flow hedges – reclassified to profit or loss		**652**	1,316
		5,630	8,197
Other comprehensive income for the period, net of tax		**78,841**	7,096
Total comprehensive income/(loss) for the period attributable to owners of the Company		**125,586**	(23,279)
Earnings per share			
Basic earnings/(loss) per share	*25*	**21.0 cents**	(13.6) cents
Diluted earnings/(loss) per share	*25*	**20.9 cents**	(13.6) cents

Dalata Hotel Group plc

Unaudited condensed consolidated statement of financial position

at 30 June 2022

		30 June 2022	31 December 2021 (Audited)
Assets	*Note*	**€'000**	€'000
Non-current assets			
Intangible assets and goodwill	*12*	**31,677**	31,994
Property, plant and equipment	*13*	**1,324,031**	1,243,902
Right-of-use assets	*14*	**636,916**	491,869
Investment property		**2,045**	2,078
Derivative assets	*9*	**7,144**	832
Deferred tax assets	*22*	**22,131**	20,161
Other receivables	*16*	**3,830**	6,313
Total non-current assets		**2,027,774**	1,797,149
Current assets			
Contract fulfilment costs	*15*	**39,352**	36,255
Trade and other receivables	*16*	**39,073**	13,774
Inventories		**2,092**	1,665
Cash and cash equivalents		**76,069**	41,112
Total current assets		**156,586**	92,806
Total assets		**2,184,360**	1,889,955
Equity			
Share capital	*24*	**2,229**	2,229
Share premium	*24*	**504,895**	504,895
Capital contribution		**25,724**	25,724
Merger reserve		**81,264**	81,264
Share-based payment reserve		**2,708**	3,085
Hedging reserve		**7,144**	(197)
Revaluation reserve		**285,783**	212,572
Translation reserve		**(8,283)**	(6,572)
Retained earnings		**182,721**	134,413
Total equity		**1,084,185**	957,413
Liabilities			
Non-current liabilities			
Loans and borrowings	*21*	**276,352**	313,533
Lease liabilities	*14*	**618,584**	471,877
Deferred tax liabilities	*22*	**53,727**	42,896
Derivative liabilities		**-**	1,029
Provision for liabilities	*18*	**7,019**	6,454
Other payables	*17*	**1,320**	1,896
Total non-current liabilities		**957,002**	837,685
Current liabilities			
Lease liabilities	*14*	**9,919**	10,049
Trade and other payables	*17*	**124,854**	82,792
Current tax liabilities		**6,446**	282
Provision for liabilities	*18*	**1,954**	1,734
Total current liabilities		**143,173**	94,857
Total liabilities		**1,100,175**	932,542
Total equity and liabilities		**2,184,360**	1,889,955

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 changes in equity
for the six months ended 30 June 2021

	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 2021	2,227	504,735	25,724	81,264	3,419	(9,042)	199,306	(13,102)	138,249	**932,780**
Comprehensive loss:										
Loss for the period	-	-	-	-	-	-	-	-	(30,375)	**(30,375)**
Other comprehensive income/(loss)										
Exchange difference on translating foreign operations	-	-	-	-	-	-	-	18,741	-	**18,741**
Loss on net investment hedge	-	-	-	-	-	-	-	(14,157)	-	**(14,157)**
Revaluation of property	-	-	-	-	-	-	(1,940)	-	-	**(1,940)**
Fair value movement on cash flow hedges	-	-	-	-	-	2,297	-	-	-	**2,297**
Cash flow hedges – reclassified to profit or loss	-	-	-	-	-	1,316	-	-	-	**1,316**
Related deferred tax	-	-	-	-	-	-	839	-	-	**839**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**3,613**	**(1,101)**	**4,584**	**(30,375)**	**(23,279)**
Transactions with owners of the Company:										
Equity-settled share-based payments	-	-	-	-	1,113	-	-	-	-	**1,113**
Vesting of share awards and options	2	160	-	-	-	-	-	-	-	**162**
Transfer from share-based payment reserve to retained earnings	-	-	-	-	(2,382)	-	-	-	2,382	**-**
Total transactions with owners of the Company	**2**	**160**	**-**	**-**	**(1,269)**	**-**	**-**	**-**	**2,382**	**1,275**
At 30 June 2021	**2,229**	**504,895**	**25,724**	**81,264**	**2,150**	**(5,429)**	**198,205**	**(8,518)**	**110,256**	**910,776**

Dalata Hotel Group plc

Unaudited condensed consolidated statement of cash flows

for the six months ended 30 June 2022

	6 months ended 30 June 2022 €'000	6 months ended 30 June 2021 €'000
Cash flows from operating activities		
Profit/(loss) for the period	**46,745**	(30,375)
Adjustments for:		
Depreciation of property, plant and equipment	**13,910**	13,416
Depreciation of right-of-use assets	**13,038**	9,805
Amortisation of intangible assets	**274**	281
Net property revaluation movements through profit or loss	**(17,907)**	(2,477)
Net impairment charge of right-of-use assets	**2,395**	315
(Net reversal of previous impairment charges)/net impairment charge of fixtures, fittings and equipment	**(370)**	5
Remeasurement gain on right-of-use assets	**-**	(277)
Gain on disposal of property, plant and equipment	**(3,877)**	-
Share-based payments expense	**1,186**	1,113
Interest on lease liabilities	**17,816**	11,771
Other interest and finance costs	**4,338**	6,043
Tax charge/(credit)	**5,262**	(7,443)
	82,810	2,177
Increase in trade and other payables and provision for liabilities	**42,023**	6,911
Increase in current and non-current trade and other receivables	**(24,650)**	(3,244)
Increase in inventories	**(427)**	(114)
Tax refunded/(paid)	**599**	(104)
Net cash from operating activities	**100,355**	5,626
Cash flows from investing activities		
Purchase of property, plant and equipment	**(16,592)**	(3,580)
Contract fulfilment cost payments	**(2,921)**	(3,039)
Costs paid on entering new leases and agreements for lease	**(9,634)**	(632)
Proceeds from disposal of property, plant and equipment	**24,258**	-
Purchase of intangible assets	**(202)**	(47)
Net cash used in investing activities	**(5,091)**	(7,298)
Cash flows from financing activities		
Receipt of bank loans	**11,973**	13,000
Repayment of bank loans	**(40,783)**	-
Repayment of lease liabilities	**(5,182)**	(3,962)
Interest paid on lease liabilities	**(17,816)**	(11,771)
Other interest and finance costs paid	**(7,447)**	(6,994)
Proceeds from vesting of share awards and options	**-**	162
Net cash used in financing activities	**(59,255)**	(9,565)
Net increase/(decrease) in cash and cash equivalents	**36,009**	(11,237)
Cash and cash equivalents at beginning of period	**41,112**	50,197
Effect of movements in exchange rates	**(1,052)**	1,968
Cash and cash equivalents at end of period	**76,069**	40,928

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 2022 (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 30 August 2022.

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 2021. 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 2021.

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 2021.

The Interim Financial Statements do not constitute statutory financial statements. The statutory financial statements for the year ended 31 December 2021, 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 six month period ended 30 June 2022 saw Group trade recover strongly from the impact of Covid-19 restrictions. The lifting of all Government restrictions and hotels fully re-opening to customers from the end of January 2022, in Ireland and the UK, has resulted in demand for hospitality increasing significantly. Along with the opening of six new hotels between 30 June 2021 and 30 June 2022, this has led to an increase in Group revenue on the six month period ended 30 June 2021 of €180.7 million to €220.2 million. Cashflow generation has also returned very strongly with net cash generated from operating activities in the period of €100.4 million (period ended 30 June 2021: €5.6 million).

The Group therefore remains in a very strong financial position with significant financial headroom. The Group is also in full compliance with its covenants at 30 June 2022. The key covenants relate to Net Debt to Value (See APM (x) in Supplementary Financial Information section) which must be equal or less than 55% (30 June 2022: 17%) and a minimum liquidity (cash and/or undrawn facilities) requirement of €50 million (30 June 2022: €365 million). As per the amended and restated facility agreement of 2 November 2021, the Group will revert to previous covenants namely 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 covenants for testing at 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 Net Debt to EBITDA after rent for the Group at 30 June 2022 is 1.9x. Following period end, the Group completed the forward sale of a residential development on the site of the former Tara Towers Hotel which led to a further cash inflow of €41.9 million. €0.6 million has been withheld as a retention payment with payment expected in twelve months.

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

Going concern *(continued)*

Current base projections show compliance with all covenants at all future testing dates and significant levels of headroom.

The Directors have considered all of the above, with all available information and the current liquidity and capital position of the Group in assessing the going concern of the Group. On the basis of these judgements, the Directors have prepared these condensed consolidated 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 2021.

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 on the Group, typical patterns of seasonality were disrupted during the year ended 31 December 2021 and therefore cannot be used as an indicative period for the year ending 31 December 2022.

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 and the Chief Operating Officer ('COO').

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, Hotel Nikko 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 2022, the Group owns 26 hotels (31 December 2021: 27 hotels, 30 June 2021: 27 hotels) and has effective ownership of one further hotel which it operates (31 December 2021: one hotel, 30 June 2021: one hotel). It also owns the majority of one further hotel it operates (31 December 2021: one hotel, 30 June 2021: one hotel). The Group also leases 17 hotel buildings from property owners (31 December 2021: 13 hotels, 30 June 2021: 12 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 to online travel agents 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 2022 €'000	6 months ended 30 June 2021 €'000
Dublin	**110,659**	16,120
Regional Ireland	**42,861**	11,639
UK	**66,728**	11,827
Total revenue	**220,248**	39,586

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

The six month period ended 30 June 2022 saw Group trade recover strongly from the impact of Covid-19 restrictions. The lifting of all Government restrictions and hotels fully re-opening to customers from the end of January 2022, in Ireland and the UK, has resulted in demand for hospitality increasing significantly. Along with the opening of six new hotels between 30 June 2021 and 30 June 2022, this has led to an increase in Group revenue on the six month period ended 30 June 2021 of €180.7 million to €220.2 million.

4 Operating segments *(continued)*

	6 months ended 30 June 2022 €'000	6 months ended 30 June 2021 €'000
Segmental results – EBITDAR		
Dublin	**54,313**	2,143
Regional Ireland	**14,773**	3,162
UK	**21,258**	1,384
EBITDAR for reportable segments	**90,344**	6,689
Segmental results – EBITDA		
Dublin	**53,256**	2,143
Regional Ireland	**14,724**	3,162
UK	**20,991**	1,384
EBITDA for reportable segments	**88,971**	6,689
Reconciliation to results for the period		
Segments EBITDA	**88,971**	6,689
Other income (excluding gain on disposal)	**597**	258
Central costs	**(4,886)**	(4,397)
Share-based payments expense	**(1,186)**	(1,113)
Adjusted EBITDA	**83,496**	1,437
Net property revaluation movements through profit or loss	**17,907**	2,477
Net impairment charge of right-of-use assets	**(2,395)**	(315)
Net reversal of previous impairment charges/(impairment charge) of fixtures, fittings and equipment	**370**	(5)
Gain on disposal of property, plant and equipment	**3,877**	-
Hotel pre-opening expenses	**(1,872)**	(373)
Remeasurement gain on right-of-use assets	**-**	277
Group EBITDA	**101,383**	3,498
Depreciation of property, plant and equipment	**(13,910)**	(13,416)
Depreciation of right-of-use assets	**(13,038)**	(9,805)
Amortisation of intangible assets	**(274)**	(281)
Interest on lease liabilities	**(17,816)**	(11,771)
Other interest and finance costs	**(4,338)**	(6,043)
Profit/(loss) before tax	**52,007**	(37,818)
Tax (charge)/credit	**(5,262)**	7,443
Profit/(loss) for the period	**46,745**	(30,375)

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 (note 14);
- Net reversal of previous impairment charges/impairment charge of fixtures, fittings, and equipment (note 13);
- Gain on disposal of property, plant and equipment (note 6, 13);
- 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; and
- The remeasurement gain on right-of-use assets (note 14).

The line item 'central costs' includes costs of the Group's central functions including operations support, technology, sales and marketing, human resources, finance, corporate services and business development. 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, excluding gain on disposal. 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 2% of total Group Revenue) in the context of the other regions, Hotel Nikko 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 and the COO. 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 2022 €'000	6 months ended 30 June 2021 €'000
Revenue review by segment – Dublin		
Room revenue	**82,701**	10,591
Food and beverage revenue	**20,578**	3,851
Other revenue	**7,380**	1,678
Total revenue	**110,659**	16,120
Revenue review by segment – Regional Ireland		
Room revenue	**26,889**	7,315
Food and beverage revenue	**12,116**	3,284
Other revenue	**3,856**	1,040
Total revenue	**42,861**	11,639
Revenue review by segment – UK		
Room revenue	**50,867**	8,597
Food and beverage revenue	**12,181**	2,524
Other revenue	**3,680**	706
Total revenue	**66,728**	11,827

4 Operating segments *(continued)*

Other geographical information

Hotel Nikko 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 2% of total Group Revenue).

Revenue	**6 months ended 30 June 2022**			6 months ended 30 June 2021		
	Republic of Ireland €'000	**UK €'000**	**Total €'000**	Republic of Ireland €'000	UK €'000	Total €'000
Owned hotels	**103,094**	**37,391**	**140,485**	21,699	7,659	29,358
Leased hotels	**50,426**	**29,337**	**79,763**	6,060	4,168	10,228
Total revenue	**153,520**	**66,728**	**220,248**	27,759	11,827	39,586

EBITDAR	**6 months ended 30 June 2022**			6 months ended 30 June 2021		
	Republic of Ireland €'000	**UK €'000**	**Total €'000**	Republic of Ireland €'000	UK €'000	Total €'000
Owned hotels	**47,120**	**12,923**	**60,043**	5,814	1,234	7,048
Leased hotels	**21,966**	**8,335**	**30,301**	(509)	150	(359)
Total EBITDAR	**69,086**	**21,258**	**90,344**	5,305	1,384	6,689

	6 months ended 30 June 2022			6 months ended 30 June 2021		
	Republic of Ireland €'000	**UK €'000**	**Total €'000**	Republic of Ireland €'000	UK €'000	Total €'000
Variable lease costs	**1,106**	**267**	**1,373**	-	-	-
Depreciation of property, plant and equipment	**9,015**	**4,895**	**13,910**	8,989	4,427	13,416
Depreciation of right-of-use assets	**8,278**	**4,760**	**13,038**	7,451	2,354	9,805
Interest on lease liabilities	**9,371**	**8,445**	**17,816**	7,731	4,040	11,771

5 Administrative expenses

	6 months ended 30 June 2022 €'000	6 months ended 30 June 2021 €'000
Other administrative expenses	**59,813**	25,216
Net property revaluation movements through profit or loss*	**(17,907)**	(2,477)
Depreciation of property, plant and equipment (note 13)	**13,910**	13,416
Depreciation of right-of-use assets (note 14)	**13,038**	9,805
Net impairment charges of right-of-use assets (note 14)	**2,395**	315
(Net reversal of previous impairment charges)/net impairment charge of fixtures, fittings and equipment (note 13)	**(370)**	5
Hotel pre-opening expenses	**1,872**	373
Variable lease costs	**1,373**	-
Amortisation of intangible assets (note 12)	**274**	281
Remeasurement gain on right-of-use assets (note 14)	**-**	(277)
	74,398	46,657

Other administrative expenses includes costs related to payroll, utilities, marketing and general administration.

*Net property revaluation movements through profit or loss relate to the net reversal of revaluation losses of €17.93 million through profit or loss (note 13) offset by a €0.02 million fair value loss on investment property.

6 Other income

	6 months ended 30 June 2022 €'000	6 months ended 30 June 2021 €'000
Gain on disposal of property, plant and equipment	**3,877**	-
Rental income from investment property	**177**	175
Income from managed hotels	**420**	83
	4,474	258

On 21 June 2022, the Group completed the sale of Clayton Crown Hotel for net proceeds of €24.1 million (£20.7 million). As a result, the hotel property and related fixtures, fittings and equipment of €20.2 million (£17.4 million) were derecognised from the statement of financial position. A gain on disposal of €3.9 million (£3.3 million) was recognised in profit or loss for the period ended 30 June 2022 (note 13).

6 Other income *(continued)*

Rental income relates to income earned on investment properties held by the Group. Income from managed hotels represents the fees and other income earned from services provided in relation to partner hotels which are not owned or leased by the Group.

7 Impairment

At 30 June 2022, 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 2022, 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 assumptions are detailed below.

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 13). 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 2022. Forecasted revenue and EBITDA are based on expectations of future outcomes taking into account the 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 2021: 2%) in EBITDA for CGUs in the Republic of Ireland and 2.5% (31 December 2021: 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 2021: 2%) for Irish and 2.5% for UK properties (31 December 2021: 2.5%);
- The cash flows are discounted using a risk adjusted discount rate specific to each property. Risk adjusted discount rates of 7.75% to 10% for Dublin assets (31 December 2021: 7.75% to 9.75%), 9% to 11% for Regional Ireland assets (31 December 2021: 9.0% to 11.5%), 7.25% to 11.75% for UK assets (31 December 2021: 7.5% to 11.75%) have been used; and

7 Impairment *(continued)*

The VIU estimates were based on the following key assumptions *(continued)*:

- 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 2022, the recoverable amount was deemed lower than the carrying amount in one of the Group's UK CGUs and resulted in an impairment charge of €3.3 million (£2.9 million), relating to a right-of-use asset (note 14) and fixtures, fittings and equipment (note 13), being recognised at 30 June 2022.

At 30 June 2022, the recoverable amount was deemed higher than the carrying amount in one of the Group's Irish CGUs (in the Dublin segment), which had previously incurred impairment charges, and resulted in an impairment reversal of €1.3 million, relating to right-of-use asset (note 14) and fixtures, fittings and equipment (note 13), being recognised at 30 June 2022.

At 30 June 2022, the carrying value of the Group's other CGUs did not exceed their recoverable amount and no impairment was required following assessment.

8 Government grants and government assistance

	6 months ended 30 June 2022 €'000	6 months ended 30 June 2021 €'000
Employment Wage Subsidy Scheme (Ireland)	**10,505**	15,233
Coronavirus Job Retention Scheme (UK)	**-**	1,930
Other government grants related to income	**1,539**	5,834
Grants related to income	**12,044**	22,997

Payroll-related government grants

As a result of the impact of the Covid-19 pandemic, the Group availed of the Irish and UK government schemes in relation to wage subsidies. The Employment Wage Subsidy Scheme was available to employers in Ireland who suffered significant reductions in turnover as a result of Covid-19 restrictions. Certain entities in the Group availed of the EWSS scheme from 1 January 2022 to 22 May 2022, at which point the scheme ended (2021: full year from 1 January 2021 to 31 December 2021). The Group availed of the Coronavirus Job Retention Scheme in the UK between 1 January 2021 and 30 September 2021 which was available for eligible employees for the hours the employees were on furlough.

The Group was in compliance with all the conditions of the respective schemes during the periods ended 30 June 2022 and 2021. Payroll-related grant income has been offset against the related costs in cost of sales and administrative expenses in profit or loss. No contingencies are attached to any of these schemes as at 30 June 2022.

8 Government grants and government assistance *(continued)*

Other government grants

During the period ended 30 June 2022, the Group availed of a number of other grant schemes, including but not limited to the Covid Restrictions Support Scheme and the Failte Ireland Tourism Accommodation Providers Continuity Scheme, introduced by the Irish and UK governments to support businesses during the Covid-19 pandemic and contribute towards re-opening and other operating costs. These grants, which totalled €1.5 million, have been offset against the related costs of €1.5 million in administrative expenses in profit or loss (period ended 30 June 2021: €5.8 million).

There were no capital grants received during the period ended 30 June 2022 (period ended 30 June 2021: nil).

Government assistance

In addition, the Group received financial assistance by way of commercial rates waivers and deferrals of tax liabilities from the Irish and UK governments.

In Ireland, the Group benefitted from a commercial rates waiver of €1.8 million for the period ended 30 June 2022 (for the period ended 30 June 2021: €3.6 million). In the UK, the Group benefitted from a commercial rates waiver of £1.0 million (€1.2 million) for the period ended 30 June 2022 (for the period ended 30 June 2021: £2.1 million (€2.5 million)).

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 €25.4 million have been deferred as at 30 June 2022. €2.3 million of Irish payroll tax liabilities are expected to be payable by 31 December 2022, with the remaining €23.1 million expected to be payable by 30 April 2023. Irish VAT liabilities of €11.7 million are expected to be payable by 30 April 2023.

There were no deferrals of UK VAT or payroll tax liabilities during the period ended 30 June 2022 and there were no deferred UK VAT or payroll tax liabilities outstanding to be paid at 30 June 2022.

9 Finance costs

	6 months ended 30 June 2022 €'000	6 months ended 30 June 2021 €'000
Interest on lease liabilities (note 14)	**17,816**	11,771
Interest expense on bank loans and borrowings	**3,947**	4,929
Cash flow hedges – reclassified from other comprehensive income	**652**	1,316
Net foreign exchange loss/(gain) on financing activities	**202**	(29)
Other finance costs	**1,153**	1,021
Interest capitalised to property, plant and equipment (note 13)	**(1,259)**	(886)
Interest capitalised to contract fulfilment costs (note 15)	**(357)**	(308)
	22,154	17,814

The Group uses interest rate swaps to convert the interest rate on part of its debt from floating rate to fixed rate. The cash flow hedge amount reclassified from other comprehensive income is shown separately within finance costs and represents the additional interest the Group paid as a result of the interest rate swaps. As at 30 June 2022, the Group has recognised derivative assets, in relation to these interest rate swaps, of €7.1 million (31 December 2021: €0.8 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 as the SONIA forward interest rate curve has increased substantially since year end. 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 primarily relate to commitment fees and other banking fees. Net foreign exchange loss/(gain) on financing activities relates principally to loans which did not form part of the net investment hedge (note 20) and cash and cash equivalents.

Interest on loans and borrowings amounting to €1.6 million (period ended 30 June 2021: €1.2 million) was capitalised to assets under construction and contract fulfilment costs on the basis that this cost was directly attributable to the construction of qualifying assets (notes 13,15). The capitalisation rates applied by the Group, which were reflective of the average interest rates applicable on Euro denominated borrowings and Sterling denominated borrowings for the period, were 2.5% (30 June 2021: 2.4 %) and 3.9% (30 June 2021: 3.6%) respectively.

10 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 €1.2 million (six months ended 30 June 2021: €1.1 million), analysed as follows:

	6 months ended 30 June 2022 €'000	6 months ended 30 June 2021 €'000
Long Term Incentive Plans	**1,020**	890
Share Save schemes	**166**	223
	1,186	1,113

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

Long Term Incentive Plans

During the period ended 30 June 2022, the Board approved the conditional grant of 1,443,764 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 (112 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 2022 to 31 December 2024.

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, and if the Group's TSR performance is at or above the upper quartile compared to the comparator group, the remaining 75% of the award will vest, with pro-rota vesting on a straight-line basis for performance in between these thresholds.

Threshold performance for the FCPS condition, which is a non-market-based performance condition, is based on the achievement of FCPS of €0.36, as disclosed in the Group's 2024 audited consolidated financial statements, with 100% vesting for FCPS of €0.48 or greater. The TSR and FCPS based awards will vest on a straight-line basis for performance between these points. 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.

10 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 2022 Awards	Year ended 31 December 2021 Awards
Outstanding at the beginning of the period/year	**4,344,481**	3,842,928
Granted during the period/year	**1,443,764**	1,616,845
Forfeited during the period/year	**(128,294)**	(393,596)
Lapsed unvested during the period/year	**(822,781)**	(628,524)
Exercised during the period/year	**-**	(93,172)
Outstanding at the end of the period/year	**4,837,170**	4,344,481

	6 months ended 30 June 2022 Awards	Year ended 31 December 2021 Awards
March 2019	**-**	822,781
March 2020	**2,022,523**	2,081,588
March 2021	**1,115,183**	1,184,412
December 2021	**255,700**	255,700
March 2022	**1,443,764**	-
Outstanding at the end of the period/year	**4,837,170**	4,344,481

During the period ended 30 June 2022, the LTIP awards granted in March 2019 lapsed unvested as a result of the impact of Covid-19 on the Group's performance conditions. 822,781 shares lapsed unvested due to the TSR and earnings per share ('EPS') performance conditions not being satisfied.

10 Share-based payments expense *(continued)*

Long Term Incentive Plans *(continued)*

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 2022	March 2021
Fair value at grant date	**€2.60**	€2.40
Share price at grant date	**€3.90**	€3.84
Exercise price	**€0.01**	€0.01
Expected volatility	**53.0% p.a.**	52.01% p.a
Performance period	**3 years**	3 years

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.

Awards granted in 2019 and 2020 include EPS performance conditions, whilst the March 2021 and March 2022 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.

The LTIP award granted in December 2021 is conditional on relevant employees being in employment as at 31 March 2023. There are no other conditions attaching to that award.

Share Save schemes

During the period ended 30 June 2022, no shares were issued on maturity of the share options granted as part of the Share Save Scheme granted in 2018.

11 Tax charge/(credit)

	6 months ended 30 June 2022 €'000	6 months ended 30 June 2021 €'000
Current tax		
Irish corporation tax	**5,572**	-
Foreign corporation tax	**8**	5
Deferred tax credit	**(318)**	(7,448)
Tax charge/(credit)	**5,262**	(7,443)

The tax charge for the period ended 30 June 2022 of €5.3 million primarily relates to current tax in respect of profits earned in Ireland during the period. The current tax charge is partially offset by a deferred tax credit which relates to corporation tax losses arising in the UK and Germany during the period, offset by a deferred tax charge arising in respect of the reversal of previous revaluation losses in relation to land and buildings.

During the period ended 30 June 2021, the UK Government substantively enacted an increase in the corporation tax rate from 19% to 25%, with effect from 1 April 2023. The decrease in the effective rate from 19.7% to 10.1% in the period ended 30 June 2022 relative to the prior period, mainly relates to the impact that this remeasurement of UK deferred tax assets and liabilities at the 25% rate had in the period ended 30 June 2021. In addition, the movement from a loss before tax position in the period ended 30 June 2021 to a profit before tax position in the period ended 30 June 2022 and the impact of the non-taxable gain on disposal of the Clayton Crown Hotel contribute to the decrease in the effective income tax rate.

12 Intangible assets and goodwill

	Goodwill €'000	Other intangible assets €'000	Total €'000
Cost			
Balance at 1 January 2022	79,716	2,517	82,233
Additions	-	180	180
Effect of movement in exchange rates	(223)	-	(223)
Balance at 30 June 2022	**79,493**	**2,697**	**82,190**
Accumulated amortisation and impairment losses			
Balance at 1 January 2022	(48,947)	(1,292)	(50,239)
Amortisation of intangible assets	-	(274)	(274)
Balance at 30 June 2022	**(48,947)**	**(1,566)**	**(50,513)**
Carrying amounts			
At 30 June 2022	**30,546**	**1,131**	**31,677**
At 31 December 2021	30,769	1,225	31,994

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 2022, goodwill 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 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 2022 (note 7). As a result of the impairment tests, the Directors concluded that the carrying value of goodwill was not impaired as at 30 June 2022 (31 December 2021: no impairment).

13 Property, plant and equipment

	Land and buildings €'000	Assets under construction €'000	Fixtures, fittings and equipment €'000	Total €'000
At 30 June 2022				
Valuation	1,158,019	-	-	1,158,019
Cost	-	90,746	154,510	245,256
Accumulated depreciation (and impairment charges)*	-	-	(79,244)	(79,244)
Net carrying amount	**1,158,019**	**90,746**	**75,266**	**1,324,031**
At 1 January 2022, net carrying amount	1,088,847	79,094	75,961	1,243,902
Additions	35	11,321	8,899	20,255
Disposals	(19,008)	-	(1,204)	(20,212)
Revaluation gains through OCI	82,400	-	-	82,400
Reversal of revaluation losses through profit or loss	17,930	-	-	17,930
Net reversal of previous impairment charges of fixtures, fittings and equipment	-	-	370	370
Capitalised labour costs	-	34	31	65
Capitalised borrowing costs (note 9)	-	1,259	-	1,259
Depreciation charge for the period	(5,580)	-	(8,330)	(13,910)
Translation adjustment	(6,605)	(962)	(461)	(8,028)
At 30 June 2022, net carrying amount	**1,158,019**	**90,746**	**75,266**	**1,324,031**

**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 2022, is €1,158.0 million (31 December 2021: €1,088.8 million). The value of these assets under the cost model is €837.0 million (31 December 2021: €849.8 million).

In the period ended 30 June 2022, unrealised revaluation gains of €82.4 million (year ended 31 December 2021: net unrealised revaluation gains of €14.3 million) have been reflected through other comprehensive income and in the revaluation reserve in equity. Net revaluation gains of €17.9 million have been reflected in administrative expenses through profit or loss in the period ended 30 June 2022, which represents the reversal in the period of previously recognised revaluation losses in profit or loss (year ended 31 December 2021: net reversal of previously recognised revaluation losses in profit or loss of €6.8 million).

Included in land and buildings at 30 June 2022 is land at a carrying value of €368.8 million which is not depreciated (31 December 2021: €297.0 million).

Additions to assets under construction during the period ended 30 June 2022 primarily relate to development expenditure incurred on the construction of Maldron Shoreditch in London and Maldron Hotel Merrion Road in Dublin. On 4 August 2022, the construction of Maldron Hotel Merrion Road was completed and the hotel opened to the public.

13 Property, plant and equipment *(continued)*

On 21 June 2022, the Group completed the sale of Clayton Crown Hotel for net proceeds of €24.1 million (£20.7 million). As a result, the hotel property and related fixtures, fittings and equipment of €20.2 million (£17.4 million) were derecognised from the statement of financial position. A gain on disposal of €3.9 million (£3.3 million) was recognised in profit or loss for the period ended 30 June 2022 (note 6).

Measurement of fair value

The value of the Group's property at 30 June 2022 reflects open market valuations carried out as at 30 June 2022 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 2022, 28 properties were revalued by independent external valuers engaged by the Group (31 December 2021: 29 properties).

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 2021: 9.96%) and 6.8% for assets located in the UK (31 December 2021: 6.8%).

13 Property, plant and equipment *(continued)*

Measurement of fair value *(continued)*

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 7.75% and 10.00% (31 December 2021: 7.75% and 9.75%).
  - Weighted average risk adjusted discount rate is 8.80% (31 December 2021: 8.72%).
  - Terminal capitalisation rates range between 5.75% and 8.00% (31 December 2021: 5.75% and 7.75%).
  - Weighted average terminal capitalisation rate is 6.80% (31 December 2021: 6.72%).
- Regional Ireland:
  - Risk adjusted discount rates range between 9.0% and 11.0% (31 December 2021: 9.0% and 11.5%).
  - Weighted average risk adjusted discount rate is 9.62% (31 December 2021: 9.56%).
  - Terminal capitalisation rates range between 7.0% and 9.0% (31 December 2021: 7.00% and 9.5%).
  - Weighted average terminal capitalisation rate is 7.62% (31 December 2021: 7.56%).
- UK:
  - Risk adjusted discount rates range between 7.25% and 11.75% (31 December 2021: 7.5% and 11.75%).
  - Weighted average risk adjusted discount rate is 8.96% (31 December 2021: 9.04%).
  - Terminal capitalisation rates range between 4.75% and 9.25% (31 December 2021: 5.00% and 9.25%).
  - Weighted average terminal capitalisation rate is 6.46% (31 December 2021: 6.54%).

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. 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.

The valuers use their professional judgement and experience to balance the interplay between the different assumptions and valuation influences. For example, initial discounted cash flows based on individually reasonable inputs may result in a valuation which challenges the price per key metrics (value of hotel divided by room numbers) in recent hotel transactions. This would then result in one or more of the inputs being amended for preparation of a revised discounted cash flow. 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.

14 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	**30 June 2022**	31 December 2021
	€'000	€'000
Net book value at start of period/year	**491,869**	411,007
Additions	160,948	90,306
Depreciation charge for the period/year	(13,038)	(19,522)
Remeasurement of lease liabilities	6,020	794
Impairment charge	(3,306)	(315)
Reversal of previous impairment charges	911	354
Translation adjustment	(6,488)	9,245
Net book value at end of period/year	**636,916**	491,869

Right-of-use assets primarily reflect leased property assets. The carrying value of right-of-use assets related to other equipment at 30 June 2022 reflected in the above total is €0.06 million (31 December 2021: €0.04 million). Right-of-use assets comprise leased assets that do not meet the definition of investment property.

Lease liabilities	**30 June 2022**	31 December 2021
	€'000	€'000
Current	10,049	10,761
Non-current	471,877	388,871
Lease liabilities at start of period/year	**481,926**	399,632
Additions	152,124	81,210
Interest on lease liabilities (note 9)	17,816	24,409
Lease payments	(22,998)	(33,339)
Remeasurement of lease liabilities	6,020	517
Translation adjustment	(6,385)	9,497
Lease liabilities at end of period/year	**628,503**	481,926
Current	**9,919**	10,049
Non-current	**618,584**	471,877
	628,503	481,926

14 Leases *(continued)*

Additions during the period ended 30 June 2022 relate to:

- In February 2022, the Group entered into a 35 year lease of Maldron Hotel Manchester City Centre. This resulted in the recognition of a lease liability of €32.2 million (£27.1 million) and a right-of-use asset of €37.2 million (£31.3 million), which includes lease prepayments and initial direct costs of €5.0 million (£4.2 million).
- In February 2022, the Group entered a new operating lease of Hotel Nikko Düsseldorf, Germany. The lease term is 20 years, with two 5 year tenant extension options. This resulted in the recognition of a lease liability of €49.6 million and right-of-use asset of €50.1 million, which includes €0.5 million of initial direct costs.
- In March 2022, the Group entered into a 35 year lease of Clayton Hotel Bristol City. This resulted in the recognition of a lease liability of €32.4 million (£27.0 million) and a right-of-use asset of €35.3 million (£29.4 million), which includes lease prepayments and initial direct costs of €2.9 million (£2.4 million).
- In April 2022, the Group entered into a 35 year lease of The Samuel Hotel, Dublin. This resulted in the recognition of a a lease liability of €37.9 million and a right-of-use asset of €38.3 million, which includes initial direct costs of €0.4 million.

The weighted average incremental borrowing rate for new leases entered into during the period ended 30 June 2022 is 7.04% (31 December 2021: 6.8%).

Following agreed rent reviews which formed part of the original lease agreements, certain of the Group's leases were reassessed during the period ended 30 June 2022. This resulted in an increase in lease liabilities and related right-of-use assets of €6.0 million.

During the period ended 30 June 2021, lease liabilities were remeasured for one hotel following an agreed rent amendment with the landlord. As a result of this modification, the lease liability decreased by €1.1 million with a decrease of €0.8 million to the carrying value of the right-of-use asset, as this right-of-use asset had been previously impaired. The resulting difference of €0.3 million was recognised as a remeasurement gain on right-of-use assets in profit or loss during the period ended 30 June 2021 (note 5).

As a result of the impairment tests and reversal assessments carried out as at 30 June 2022, an impairment of right-of-use assets of €3.3 million (£2.8 million) relating to a UK CGU and a reversal of previous impairment charges of €0.9 million relating to a right-of-use asset in an Irish CGU were recognised in profit or loss during the period ended 30 June 2022 (note 7).

14 Leases *(continued)*

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

	At 30 June 2022			At 31 December 2021		
	Republic of Ireland and Other	**UK**	**Total**	Republic of Ireland	UK	Total
	€'000	**£'000**	**€'000**	€'000	£'000	€'000
6 months/year ending 31 December 2022	**14,621**	**8,274**	**24,262**	23,230	12,976	38,672
During the year 2023	**29,076**	**16,527**	**48,334**	22,376	12,355	37,079
During the year 2024	**27,754**	**16,608**	**47,106**	20,205	12,436	35,005
During the year 2025	**27,542**	**16,680**	**46,978**	19,965	12,508	34,851
During the year 2026	**27,660**	**16,773**	**47,204**	20,048	12,601	35,044
During the year 2027	**27,839**	**17,199**	**47,880**	20,199	12,858	35,501
During the years 2028 – 2037	**274,882**	**178,924**	**483,369**	197,773	134,435	357,761
During the years 2038 – 2047	**173,612**	**195,448**	**401,354**	123,444	147,478	298,955
From 2048 onwards	**81,496**	**148,271**	**254,266**	51,703	103,322	174,665
	684,482	**614,704**	**1,400,753**	498,943	460,969	1,047,533

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

Sterling amounts have been converted using the closing foreign exchange rate of 0.8582 as at 30 June 2022 (0.84028 as at 31 December 2021).

The weighted average lease life of future minimum rentals payable under leases is 30.0 years (31 December 2021: 30.1 years). Lease liabilities are monitored within the Group's treasury function.

14 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 2022	9,067	4,390	14,182	10,267	7,832	19,393
During the year 2023	17,878	8,624	27,927	20,186	15,624	38,392
During the year 2024	15,971	8,624	26,020	19,698	15,567	37,837
During the year 2025	15,874	8,624	25,923	19,236	15,499	37,296
During the year 2026	15,865	8,279	25,512	18,743	15,425	36,717
During the year 2027	15,561	8,059	24,952	18,211	15,330	36,074
During the years 2028 – 2037	144,687	72,978	229,723	145,323	143,671	312,733
During the years 2038 – 2047	85,647	72,243	169,827	65,575	106,292	189,430
From 2048 onwards	34,474	50,098	92,850	16,663	40,949	64,378
	355,024	241,919	636,916	333,902	376,189	772,250

Hotel Nikko Düsseldorf has been included within the Republic of Ireland and Other region for the period ended 30 June 2022. Sterling amounts have been converted using the closing foreign exchange rate of 0.8582 as at 30 June 2022.

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 of right-of-use assets.

Extension options and termination options

As at 30 June 2022, the Group, as a hotel lessee, has two 5-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 2022, the Group has assessed that it is not reasonably certain that the options 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	**50,384**	**6,339**

14 Leases *(continued)*

Extension options and termination options *(continued)*

The Group holds a single termination option in an office space lease. The Group assesses at lease commencement whether it is reasonably certain not to terminate the option and reassesses if there is a significant event or change in circumstances within its control. At 30 June 2022, the Group has initiated the termination option in the office space lease.

Leases not yet commenced to which the lessee is committed

The Group has multiple agreements for lease at 30 June 2022 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.

Agreements for lease	**30 June 2022 €'000**	31 December 2021 €'000
Less than one year	**2,354**	14,528
One to two years	**10,414**	10,542
Two to three years	**8,937**	23,400
Three to five years	**21,458**	37,139
Five to fifteen years	**111,691**	192,804
Fifteen to twenty five years	**119,432**	203,837
After twenty five years	**147,022**	233,938
Total future lease payments	**421,308**	716,188

The significant movement since the year ended 31 December 2021 is principally due to the commencement of 35 year leases for the Maldron Hotel Manchester City Centre, Clayton Hotel Bristol City and The Samuel Hotel, Dublin during the period ended 30 June 2022. This resulted in right-of-use assets and lease liabilities being recognised for these leases in the consolidated statement of financial position and their respective cashflows being removed from the agreements for lease table above.

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: Clayton Hotel Glasgow City (October 2022), Maldron Hotel Brighton (Q2 2024), Maldron Hotel Cathedral Quarter Manchester (Q3 2024), Maldron Hotel Liverpool City (H2 2024), and Maldron Hotel Croke Park, Dublin (H2 2025).

15 Contract fulfilment costs

	30 June 2022 €'000	31 December 2021 €'000
At start of period/year	**36,255**	22,374
Costs incurred in fulfilling contract to date	**2,740**	13,197
Capitalised borrowing costs (note 9)	**357**	684
At end of period/year	**39,352**	36,255

Contract fulfilment costs relate to the Group's contractual agreement with Irish Residential Properties REIT plc ('I-RES'), entered into on 16 November 2018, for I-RES to purchase a residential development being constructed by the Group (comprising 69 residential units) on the site of the former Tara Towers Hotel. The Group completed the sale of these residential units to I-RES on 11 August 2022 for total sale proceeds of €42.5 million. The sales proceeds will be recognised as income in profit or loss, with the related contract fulfilment costs released from the statement of financial position to profit or loss, subsequent to the period end.

16 Trade and other receivables

	30 June 2022 €'000	31 December 2021 €'000
Non-current assets		
Other receivables	**2,271**	2,271
Prepayments	**1,559**	4,042
	3,830	6,313
Current assets		
Trade receivables	**16,980**	5,519
Prepayments	**15,256**	4,033
Contract assets	**5,042**	1,224
Accrued income	**1,295**	1,092
Other receivables	**500**	1,906
	39,073	13,774
Total	**42,903**	20,087

Non-current assets

Included in non-current other receivables at 30 June 2022 and 31 December 2021, is a rent deposit of €1.4 million paid to the landlord on the sale and leaseback of Clayton Hotel Charlemont. This deposit is repayable to the Group at the end of the lease term. Also included is a deposit paid as part of another hotel property lease contract of €0.9 million (2021: €0.9 million) which is interest-bearing and refundable at the end of the lease term.

Included in non-current prepayments at 30 June 2022 are costs of €1.1 million (31 December 2021: €3.8 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. At 31 December 2021, non-current prepayments included costs associated with the leases for Maldron Hotel Manchester City, Clayton Hotel Bristol City and The Samuel, Dublin which have now been reclassified to the right-of-use assets at 30 June 2022.

17 Trade and other payables

	30 June 2022 €'000	31 December 2021 €'000
Non-current liabilities		
Other payables	**1,320**	1,896
	1,320	1,896
Current liabilities		
Trade payables	**25,691**	12,621
Accruals	**34,796**	30,810
Contract liabilities	**16,682**	10,514
Value added tax	**18,913**	9,205
Payroll taxes	**28,772**	19,642
	124,854	82,792
Total	**126,174**	84,688

Non-current liabilities
Included in non-current other payables at 30 June 2022 are retention payments of €1.3 million (31 December 2021: €1.9 million) relating to construction projects. The retention payments become due where certain conditions in the construction contracts are met, usually twelve months after practical completion of the projects.

Current liabilities
Accruals include capital expenditure accruals for work in progress at period end which have not yet been invoiced and accruals in relation to costs on entering new leases and agreements for lease which have not yet been invoiced (30 June 2022: €8.8 million, 31 December 2021: €8.5 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 (31 December 2021: €8.5 million) and payroll tax liabilities of €25.4 million (31 December 2021: €17.8 million) have been deferred as at 30 June 2022. €2.3 million of Irish payroll tax liabilities are expected to be payable by 31 December 2022, with the remaining €23.1 million expected to be payable by 30 April 2023. Irish VAT liabilities of €11.7 million are expected to be payable by 30 April 2023.

There were no deferrals of UK VAT or payroll tax liabilities during the period ended 30 June 2022 and there were no deferred UK VAT or payroll tax liabilities outstanding to be paid at 30 June 2022.

18 Provision for liabilities

	30 June 2022 €'000	31 December 2021 €'000
Non-current liabilities		
Insurance provision	**7,019**	6,454
Current liabilities		
Insurance provision	**1,954**	1,734
Total provision at end of period/year	**8,973**	8,188

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

	Period ended 30 June 2022 €'000	Year ended 31 December 2021 €'000
At 1 January	**8,188**	8,275
Provisions made during the period/year – charged to profit or loss	**1,250**	2,000
Utilised during the period/year	**(465)**	(837)
Reversed to profit or loss during the period/year	**-**	(1,250)
At end of period/year	**8,973**	8,188

The insurance 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 though the effect is not significant.

The self-insurance programme commenced in July 2015 and increasing levels of claims data is becoming available. Claims provisions are assessed in light of claims experience and amended accordingly, where necessary, to ensure provisions reflect recent experience and trends. In the year ended 31 December 2021, there was a reversal of provisions made in prior periods of €1.3 million which was credited within administrative expenses.

19 Commitments

Capital expenditure commitments

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

	30 June 2022 €'000	31 December 2021 €'000
Contracted but not provided for	**26,668**	37,783

At 30 June 2022, the commitments relate primarily to the new-build hotel development of Maldron Hotel Shoreditch, London. It also includes other capital expenditure committed at 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 €55.5 million (31 December 2021: €50.0 million) spread over the life of the various leases which primarily range in length from 19 years to 33 years. The revenue figures used in the estimate of the commitment at 30 June 2022 have been based on 2022 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.

20 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.

20 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 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 30 June 2022 €'000**	**Financial assets measured at amortised cost 30 June 2022 €'000**	**Total carrying amount 30 June 2022 €'000**	**Level 1 30 June 2022 €'000**	**Level 2 30 June 2022 €'000**	**Level 3 30 June 2022 €'000**
Derivatives - hedging instruments	**7,144**	**-**	**7,144**		**7,144**	
Trade and other receivables, excluding prepayments	**-**	**26,088**	**26,088**			
Cash at bank and in hand	**-**	**76,069**	**76,069**			
	7,144	**102,157**	**109,301**			

Financial liabilities	**Financial liabilities measured at fair value 30 June 2022 €'000**	**Financial liabilities measured at amortised cost 30 June 2022 €'000**	**Total carrying amount 30 June 2022 €'000**	**Level 1 30 June 2022 €'000**	**Level 2 30 June 2022 €'000**	**Level 3 30 June 2022 €'000**
Bank loans	**-**	**(276,352)**	**(276,352)**		**(276,352)**	
Trade payables and accruals	**-**	**(61,807)**	**(61,807)**			
	-	**(338,159)**	**(338,159)**			

20 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 2021. 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 2021 €'000**	**Financial assets measured at amortised cost 31 December 2021 €'000**	**Total carrying amount 31 December 2021 €'000**	**Level 1 31 December 2021 €'000**	**Level 2 31 December 2021 €'000**	**Level 3 31 December 2021 €'000**
Derivatives - hedging instruments	832	-	832		832	
Trade and other receivables, excluding prepayments	-	12,012	12,012			
Cash at bank and in hand	-	41,112	41,112			
	832	53,124	53,956			

Financial liabilities	**Financial liabilities measured at fair value 31 December 2021 €'000**	**Financial liabilities measured at amortised cost 31 December 2021 €'000**	**Total carrying amount 31 December 2021 €'000**	**Level 1 31 December 2021 €'000**	**Level 2 31 December 2021 €'000**	**Level 3 31 December 2021 €'000**
Bank loans	-	(313,533)	(313,533)		(313,533)	
Trade and other payables and accruals	-	(45,327)	(45,327)			
Derivatives– hedging instruments	(1,029)	-	(1,029)		(1,029)	
	(1,029)	(358,860)	(359,889)			

20 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); and
- 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 2022, 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 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 2022 and the margins the Group was paying at period end.

20 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 or from prepaying suppliers 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.

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 2022. Other receivables relate to deposits paid to large institutional landlords and amounts owed from large institutional landlords for reimbursements of certain amounts incurred on capital expenditure on these properties.

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 2022, 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 2022 €'000	31 December 2021 €'000
Trade receivables	**16,980**	5,519
Other receivables	**2,771**	4,177
Contract assets	**5,042**	1,224
Accrued income	**1,295**	1,092
Cash at bank and in hand	**76,069**	41,112
	102,157	53,124

20 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.

The six months ended 30 June 2022 saw the Group recover strongly from the impact of Covid-19 restrictions on trading. The lifting of all Government restrictions and hotels re-opening fully to customers from the end of January 2022, across Ireland and the UK, has resulted in demand for hospitality increasing significantly. Along with the opening of six new hotels between 30 June 2021 and 30 June 2022, this has led to an increase in Group revenue on the six months ended 30 June 2021 of €180.7 million to €220.2 million. Cashflow generation has also returned very strongly with net cash generated from operating activities in the period of €100.4 million (period ending 30 June 2021: €5.6 million).

In November 2021, the Group entered into an amended and restated facility agreement with its banking club to provide additional flexibility and liquidity to support the Group following the continued impact of Covid-19. The Group also availed of its option to extend the maturity of its debt facilities by a period of 12 months. Under the revised loan facility agreement, the previous covenants will now not be tested until June 2023. The key replacement covenants relate to Net Debt to Value which must be equal or less than 55% (30 June 2022: 17%) and a minimum liquidity (cash and/or undrawn facilities) requirement of €50 million (30 June 2022: €365 million).

The Group will revert to previous covenants namely 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 covenants for testing at 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 Net Debt to EBITDA after rent for the Group at 30 June 2022 is 1.9x.

Following period end, the Group completed the forward sale of a residential development on the site of the former Tara Towers Hotel which led to a further cash inflow of €41.9 million. €0.6 million has been withheld as a retention payment with payment expected in twelve months.

The Group also monitors its Debt and Lease Service cover, which is 2.9 times for the twelve month period ended 30 June 2022 (31 December 2021: 1.6 times), in order to monitor gearing and liquidity taking into account both bank and lease financing.

The Group remains in a very strong financial position with significant financial headroom.

(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.

20 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.

Following a fundamental review and reform of major interest rate benchmarks undertaken globally, the Group fully transitioned its Sterling variable interest rate, LIBOR, on its borrowings and related interest rate swaps, to SONIA (Sterling Overnight Index Average) plus an agreed credit adjustment spread, on 31 December 2021.

As at 30 June 2022 and 31 December 2021, interest rate swaps cover 100% of the Group's term Sterling denominated borrowings of £176.5 million for the period to 26 October 2024. The extended year of the term debt, to 26 October 2025, is currently unhedged. As at 30 June 2022, £65.0 million of revolving credit facilities were unhedged, however, were subsequently repaid in full in August 2022. The Group's derivatives continue to hedge the SONIA variable interest rate on Sterling borrowings. As a result, the Group continues to apply hedge accounting as at 30 June 2022.

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. Net Debt to EBITDA after rent at 30 June 2022 was 1.9x, which has resulted in the Group's interest margin ratcheting down, from 2.9% to 1.5% on term borrowings and 2.5% to 1.15% on revolving credit facility borrowings.

(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 £241.5 million (€281.4 million) at 30 June 2022 (31 December 2021: £266.5 million (€317.2 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.

20 Financial risk management *(continued)*

(d) Capital management

The Group's policy is to maintain a strong capital base so as to retain 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 a rent cover of at least 1.85 times in year three for new leased assets.

The Group monitors capital using a ratio of Net Debt to EBITDA after fixed 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 2022, the Net Debt to EBITDA after rent is 1.9x. Following the amended facility agreement in November 2021, this covenant is not required to be tested until 30 June 2023, however, it continues to be monitored by the Group and serves to set margins on the Group's loans.

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.

21 Loans and Borrowings

	30 June 2022 €'000	31 December 2021 €'000
Bank borrowings	**276,352**	313,533
Total loans and borrowings	**276,352**	313,533

As at 30 June 2022, the drawn loan facility, being the amount owed to the lenders, at this date was €281.4 million consisting of Sterling term borrowings of £176.5 million (€205.7 million) and revolving credit facility borrowings of £65.0 million (€75.7 million) in Sterling. The loans are secured by the Group's assets. The undrawn loan facilities as at 30 June 2022 were €289.1 million, increased from €257.4 million at 31 December 2021 primarily relating to the repayment of revolving credit facilities.

The Group fully transitioned on 31 December 2021 from having LIBOR as its Sterling variable interest rate on its borrowings and related interest rate swaps, to SONIA, an alternative risk-free benchmark rate. As a result, all Sterling variable interest now references SONIA plus an agreed credit adjustment spread 'CAS spread'. The Group has entered into certain derivative financial instruments to hedge interest rate exposure on a portion of these loans. Under the terms of the loan facility agreement, an interest rate floor is in place which prevents the Group from receiving the benefit of sub-zero benchmark SONIA and EURIBOR rates.

The weighted average interest cost in respect of Sterling denominated borrowings for the period was 3.9% (30 June 2021: 3.6%). There were no Euro borrowings drawn during the period ended 30 June 2022.

The Group has a multicurrency loan facility consisting of a €200.0 million term loan facility, with a maturity date of 26 October 2025 and €364.4 million revolving credit facility - with €304.9 million with a maturity date of 26 October 2025 and €59.5 million with a maturity date of 30 September 2023.

22 Deferred tax

	30 June 2022 €'000	31 December 2021 €'000
Deferred tax assets	**22,131**	20,161
Deferred tax liabilities	**(53,727)**	(42,896)
Net deferred tax liabilities	**(31,596)**	(22,735)

The Group incurred UK and German corporation tax losses during the period ended 30 June 2022. Together with the losses carried forward at 31 December 2021 in Ireland and the UK, these tax losses can be carried forward indefinitely for offset against future taxable profits. A deferred tax asset has been recognised in respect of these tax losses on the basis that it is probable that there will be sufficient taxable profits in future periods to utilise these tax losses.

At 30 June 2022, deferred tax assets have been recognised in respect of corporation tax losses and interest expense carried forward of €19.0 million (31 December 2021: €17.0 million), which represents the majority of the deferred tax assets recognised of €22.1 million.

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 of €22.1 million as at 30 June 2022. 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. These forecasts assume a recovery to normal levels of pre-pandemic trade, which is underpinned by the improved trading conditions experienced by the Group during the period ended 30 June 2022.

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 2022 will be fully utilised by the year ending 31 December 2030 with the majority being utilised by the year ending 31 December 2026.

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 Covid-19 pandemic had a significant impact on business. 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 2022.

There is no deferred tax asset recognised in relation to the hedging reserve as at 30 June 2022 due to uncertainty in obtaining a tax benefit for the cash flow hedges in future periods.

The deferred tax liabilities have increased from €42.9 million at 31 December 2021 to €53.7 million at 30 June 2022. 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 revaluation gains and reversals of previous impairment losses during the period ended 30 June 2022.

23 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 2022 that materially affected the financial position or the performance of the Group during that period.

24 Share capital and share premium

At 30 June 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	**222,865,363**	**2,229**
Share premium		**504,895**

At 31 December 2021

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	222,865,363	2,229
Share premium		504,895

There were no changes to share capital or share premium in the six month period ended 30 June 2022.

Dividends

During the six month period ended 30 June 2022, the Group did not make any dividend payments (year ended 31 December 2021: €nil).

25 Earnings per share

Basic earnings per share ('EPS') is computed by dividing the profit/loss 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/loss 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 2022 and 30 June 2021:

	6 months ended 30 June 2022	6 months ended 30 June 2021
Profit/(loss) attributable to shareholders of the parent (€'000) – basic and diluted	**46,745**	(30,375)
Adjusted profit/(loss) attributable to shareholders of the parent (€'000) – basic and diluted	**29,286**	(32,400)
Earnings/(loss) per share – Basic	**21.0 cents**	(13.6) cents
Earnings/(loss) per share – Diluted	**20.9 cents**	(13.6) cents
Adjusted earnings/(loss) per share – Basic	**13.1 cents**	(14.5) cents
Adjusted earnings/(loss) per share – Diluted	**13.1 cents**	(14.5) cents
Weighted average shares outstanding – Basic	**222,865,363**	222,796,160
Weighted average shares outstanding – Diluted	**223,822,895**	222,796,160

The difference between the basic and diluted weighted average shares outstanding for the period ended 30 June 2022 is due to the dilutive impact of the conditional share awards granted in 2020, 2021 and 2022. For the period ended 30 June 2021, there is no difference between basic and diluted loss per share as potential ordinary shares are only treated as dilutive if their dilution results in a decreased earnings per share or increased loss per share.

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).

25 Earnings per share *(continued)*

	6 months ended 30 June 2022 €'000	6 months ended 30 June 2021 €'000
Reconciliation to adjusted profit/(loss) for the period		
Profit/(loss) before tax	**52,007**	(37,818)
Adjusting items (note 4)		
Net property revaluation movements through profit or loss	**(17,907)**	(2,477)
Net impairment charge of right-of-use assets	**2,395**	315
(Net reversal of previous impairment charges)/net impairment charge of fixtures, fittings and equipment	**(370)**	5
Gain on disposal of property, plant and equipment	**(3,877)**	-
Hotel pre-opening expenses	**1,872**	373
Remeasurement gain on right-of-use assets	**-**	(277)
Adjusted profit/(loss) before tax for the period	**34,120**	(39,879)
Tax (charge)/credit	**(5,262)**	7,443
Tax adjustment for adjusting items	**428**	36
Adjusted profit/(loss) for the period	**29,286**	(32,400)

26 Events after the reporting date

On 4 August 2022, the Group completed the construction of Maldron Hotel Merrion Road on the site of the former Tara Towers and the hotel was opened to the public.

On 11 August 2022, as a result of the contractual agreement entered into in 2018, the Group completed the development of 69 residential units on the site of the former Tara Towers Hotel and sold them for total proceeds of €42.5 million to I-RES. The sales proceeds will be recognised as income in profit or loss, with the related contract fulfilment costs released from the statement of financial position to profit or loss, subsequent to the period end. As at 30 June 2022, contract fulfilment costs totalled €39.4 million (note 15).

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.

27 Approval of financial statements

The Board of Directors approved the Interim Financial Statements for the six months ended 30 June 2022 on 30 August 2022.

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 2022 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 2022 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 2021 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

30 August 2022

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 25 to the condensed consolidated interim financial statements. Adjusting items with a cash impact are set out in APM xii 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 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.
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.
Reconciliation: Note 4

(v) Adjusted earnings/(loss) 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 25

(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) and 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 xvi) for the 12 month period ended 30 June. 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 12 month period ended 30 June. 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.
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 under banking covenants.
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 14 is used as a proxy for this number.

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 lodging industry.
Reconciliation: Refer below

Reconciliation of Net Debt APMs - definitions (vi), (vii), (viii), (ix), (x)		Reference in condensed interim financial statements	30 June 2022 €'000	31 December 2021 €'000
Loans and borrowings at amortised cost		Statement of financial position	**276,352**	313,533
Accounting adjustment to bring to amortised cost			**5,051**	3,623
External loans and borrowings drawn			**281,403**	317,156
Less cash and cash equivalents		Statement of financial position	**(76,069)**	(41,112)
Net Debt (APM vi)	(A)		**205,334**	276,044
Lease Liabilities - current and non-current		Statement of financial position	**628,503**	481,926
Net Debt and Lease Liabilities (APM vii)	(B)		**833,837**	757,970
			12 months ended 30 June 2022 €'000	12 months ended 31 December 2021 €'000
Adjusted EBITDA[1]	(C)		**145,296**	63,237
EBITDA after rent (APM xvi)	(D)		**106,119**	30,205
Net Debt to EBITDA after rent (APM viii)	(A/D)		**1.9x**	9.1x
Net Debt and Lease Liabilities to Adjusted EBITDA (APM ix)	(B/C)		**5.7x**	12.0x
Valuation of property assets as provided by external valuers[2]	(E)		**1,212,081**	1,146,274
Net Debt to Value (APM x)	(A/E)		**17%**	24%

[1] *Adjusted EBITDA of €145,296k for the 12 months ended 30 June 2022 is calculated as follows;*

- *Adjusted EBITDA of €83,496k for the six months ended 30 June 2022 (Note 4); and*
- *Adjusted EBITDA of €63,237k for the 12 months ended 31 December 2021 less Adjusted EBITDA of €1,437k for the six months ended 30 June 2021 (as previously reported).*

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

Reconciliation of Lease Modified Net Debt APM - definition (xi)		Reference in condensed interim financial statements	At 30 June 2022 €'000	At 31 December 2021 €'000
Non-cancellable undiscounted lease cash flows payable under lease contracts (in 2023)	(A)	Note 14	**48,334**	37,079
Modified Lease Debt	(B=A*8)		**386,672**	296,632
Net Debt (APM vi)	(C)		**205,334**	276,044
Lease Modified Net Debt (APM xi)	**(B+C)**		**592,006**	572,676

(xii) Free Cashflow

Net cash from operating activities less amounts paid for interest, finance costs, refurbishment capital expenditure (see glossary), 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 which are 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

(xiii) Free Cashflow Per Share (FCPS)

Free Cashflow (see definition xii) divided by the weighted average shares outstanding - basic. This APM forms the basis for the performance condition measure in respect of share awards made under the Group's Long Term Incentive Plan (LTIP) 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 which are distorting comparability either period on period or with other similar businesses. The Group intends to take 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 (xii), (xiii)		**Reference in condensed interim financial statements**	**6 months ended 30 June 2022 €'000**	6 months ended 30 June 2021 €'000
Net cash from operating activities		Statement of cash flows	**100,355**	5,626
Other interest and finance costs paid		Statement of cash flows	**(7,447)**	(6,994)
Refurbishment capital expenditure paid			**(4,363)**	(1,301)
Fixed lease payments:				
- Interest paid on lease liabilities		Statement of cash flows	**(17,816)**	(11,771)
- Repayment of lease liabilities		Statement of cash flows	**(5,182)**	(3,962)
			65,547	(18,402)
Exclude adjusting items with a cash effect:				
Net impact from tax deferrals under government Covid-19 support schemes[1]			**(10,832)**	(2,991)
Pre-opening costs		Note 4	**1,872**	373
Free cash inflow/(outflow) (APM xii)	A		**56,587**	(21,020)
Weighted average shares outstanding – basic	B	Note 25	**222,865,363**	222,796,160
Free Cashflow Per Share (APM xiii) – cents	A/B		**25.4**	(9.4)

[1] The Group has deferred VAT and payroll taxes under government support schemes. This non-recurring initiative was introduced by government Covid-19 support schemes and allows the temporary retention of an element of taxes collected between March 2020 and May 2022 on behalf of tax authorities. The Group deferred VAT and payroll taxes amounting to €11.0 million during the six month period ended 30 June 2022 (H1 2021: €3.4 million) which are expected to be payable in December 2022 and April 2023. This was offset by amounts totalling €0.2 million for deferred Irish VAT liabilities being paid during the period (H1 2021: payments of €0.4 million for deferred UK VAT and payroll tax liabilities). The impact of these deferrals has been excluded in the calculation of Free Cashflow to show cash flows from trading for the period.

(xiv) Debt and Lease Service Cover

Free Cashflow (see definition xii) before payment of lease costs, interest and finance costs paid 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 (xiv)		**Reference in condensed interim financial statements**	**12 months ended 30 June 2022 €'000 D=E+F**	6 months ended 30 June 2022 €'000 E	6 months ended 31 Dec 2021 €'000 F=G-H	6 months ended 30 June 2021 €'000 H	12 months ended 31 Dec 2021 €'000 G
Free cash inflow/(outflow) (APM xii)	(A)		**105,617**	56,587	49,030	(21,020)	28,010
Add back:							
Total lease costs paid[1]			**40,875**	23,150	17,725	15,733	33,458
Interest and finance costs paid		Statement of cash flows	**15,738**	7,447	8,291	6,994	15,285
Less:							
Debt facility fees paid			**(1,202)**	-	(1,202)	-	(1,202)
Total lease costs, interest and finance costs paid	(B)		**55,411**	30,597	24,814	22,727	47,541
Free Cashflow before lease and finance costs paid	(C=A+B)		**161,028**	87,184	73,844	1,707	75,551
Debt and Lease Service Cover - (APM xiv)	(C/B)		**2.9x**				1.6x

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

(xv) Normalised Return on Invested Capital

Adjusted EBIT after rent divided by the Group's average invested capital. The Group defines invested capital as total assets less total liabilities at 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 excludes the impact of deferred VAT and payroll tax liabilities payable at period end as these are quasi-debt in nature. The Group also excludes newly opened, owned assets which have not yet reached full operating performance and assets under construction at period end and therefore did not generate a return, to show the underlying performance of the Group.

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 invested capital is the average of the invested capital for the 12 month period ended 30 June.

Adjusted EBIT after rent represents the Group's operating profit/(loss) for the 12 month period restated to remove the impact of adjusting items as defined in APM (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 (xv)	Reference in condensed interim financial statements	12 months ended 30 June 2022 €'000 D=E+F	6 months ended 30 June 2022 €'000 E	6 months ended 31 Dec 2021 €'000 F=G-H	6 months ended 30 June 2021 €'000 H	12 months ended 31 Dec 2021 €'000 G
Operating profit/(loss)	Statement of comprehensive income	**115,607**	74,161	41,446	(20,004)	21,442
Add back:						
Total adjusting items as per the financial statements	Note 4	**(21,125)**	(17,887)	(3,238)	(2,061)	(5,299)
Depreciation of right-of-use assets	Note 4	**22,755**	13,038	9,717	9,805	19,522
Less:						
Fixed lease costs		**(37,983)**	(22,146)	(15,837)	(17,427)	(33,264)
Adjusted EBIT after rent	(A)	**79,254**	47,166	32,088	(29,687)	2,401

		Reference in condensed interim financial statements	30 June 2022 €'000	31 Dec 2021 €'000
Net assets at balance sheet date		Statement of financial position	**1,084,185**	957,413
Add back:				
- Loans and Borrowings		Statement of financial position	**276,352**	313,533
- Deferred tax liabilities			**53,727**	42,896
- Current tax liabilities			**6,446**	282
- Derivative liabilities			**-**	1,029
- Deferred VAT and payroll tax liabilities		Note 8	**37,090**	26,261
Less:				
- Revaluation uplift in property, plant and equipment[1]			**(321,039)**	(239,015)
- Assets under construction at period end		Note 13	**(90,746)**	(79,094)
- Cash		Statement of financial position	**(76,069)**	(41,112)
- Derivative assets			**(7,144)**	(832)
- Deferred tax assets			**(22,131)**	(20,161)
- Contract fulfilment costs			**(39,352)**	(36,255)
Invested capital			**901,319**	924,945
Average invested capital	B		**918,423**	931,370
Normalised Return on Average Invested Capital (APM xv)	A/B		**8.6%**	0.3%

[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. As set out in note 13 to the condensed interim financial statements, the carrying value of land and buildings, revalued at 30 June 2022, is €1,158.0 million (31 December 2021: €1,088.8 million). The value of these assets under the cost model is €837.0 million (31 December 2021: €849.8 million). Therefore, the revaluation uplift included in property, plant and equipment is €321.0 million (31 December 2021: €239.0 million).

(xvi) EBITDA after rent

Earnings before adjusting items, interest and finance costs, tax, depreciation, amortisation of intangible assets as defined above and restated to remove the impact of adopting IFRS 16, replacing IFRS 16 right-of-use asset depreciation and lease liability interest with fixed lease costs. For the current period onwards, 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

Reconciliation of EBITDA after rent APM (xvi)	Reference in condensed interim financial statements	12 months ended 30 June 2022 €’000 D=E+F	6 months ended 30 June 2022 €’000 E	6 months ended 31 Dec 2021 €’000 F=G-H	6 months ended 30 June 2021 €’000 H	12 months ended 31 Dec 2021 €’000 G
Operating profit/(loss)	Statement of comprehensive income	**115,607**	74,161	41,446	(20,004)	21,442
Add back:						
Depreciation of property, plant and equipment	Note 4	**27,527**	13,910	13,617	13,416	27,033
Depreciation of right-of-use assets	Note 4	**22,755**	13,038	9,717	9,805	19,522
Amortisation of intangible assets	Note 4	**532**	274	258	281	539
Share-based payment expense	Note 4	**2,232**	1,186	1,046	1,113	2,159
Less:						
Total adjusting items as per the financial statements (excluding pre-opening costs)	Note 4	**(24,551)**	(19,759)	(4,792)	(2,434)	(7,226)
Fixed lease costs		**(37,983)**	(22,146)	(15,837)	(17,427)	(33,264)
EBITDA after rent (APM xvi)		**106,119**	60,664	45,455	(15,250)	30,205

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 hotels.

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 hotels.

'Like for Like' occupancy, ARR and RevPAR KPIs

'Like for Like' occupancy, ARR and RevPAR KPIs include a half year performance of all hotels regardless of when acquired and excludes new hotels which did not benefit from a half year performance in all periods. The Dublin portfolio excludes the Ballsbridge Hotel, as the lease matured at the end of 2021, The Samuel Hotel, newly opened in April 2022 and Hotel Nikko Düsseldorf. The UK portfolio excludes the new Maldron Hotel Glasgow City which opened in August 2021 and the three hotels added in early 2022 (Clayton Hotel Manchester City Centre, Maldron Hotel Manchester City Centre and Clayton Hotel Bristol City). These are commonly used industry metrics and provide an indication of the underlying revenue performance.

Segments EBITDAR margin

Segments EBITDAR margin represents 'Segments EBITDAR' as a percentage of the total 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/(credit) for the period divided by the profit/(loss) before tax presented in the consolidated statement of comprehensive income.

EBITDA (after rent)

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, after fixed lease costs (see below).

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 2022.

Refurbishment capital expenditure

The Group typically allocates approximately 4% of annual revenue to refurbishment capital expenditure to ensure the portfolio remains fresh for its customers and adheres to brand standards. Timing of normal refurbishment capital expenditure programmes was slower in the prior period and at the start of the current period due to Covid-19 restrictions.