Dalata: The Heart of Hospitality

Record operating performance with Revenue up 18% and Adjusted EBITDA up 22%

ISE: DHG LSE: DAL

Dublin and London | 29 February 2024: 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 year ended 31 December 2023.

€million	2023	2022[2]	2023 vs 2022
Revenue	**607.7**	515.7	+18%
Adjusted EBITDA[1]	**223.1**	183.4	+22%
Profit before tax	**105.5**	109.7	-4%
Basic earnings per share (cents)	**40.4**	43.4	-7%
Adjusted basic earnings per share[1] (cents)	**41.7**	31.7	+32%
Property, plant and equipment	**1,684.8**	1,427.4	+18%
Free Cashflow[1]	**133.4**	126.5	+5%
Free Cashflow per Share[1] (cents)	**59.7**	56.8	+5%
Group key performance indicators (as reported)			
RevPAR (€)[1]	**114.67**	102.23	+12%
Average room rate (ARR) (€)[1]	**143.36**	134.80	+6%
Occupancy %	**80.0%**	75.8%	
Group key performance indicators ('Like for like' or 'LFL')			
'Like for like' or 'LFL' RevPAR (€)[1]	**116.69**	105.17	+11%

PROVEN BUSINESS MODEL DELIVERING RECORD OPERATING PERFORMANCE

- Revenue of €607.7 million, up 18% on 2022
- Adjusted EBITDA[1] of €223.1 million, up 22% on 2022
- 'LFL' 2023 RevPAR[1] of €116.69, up 11% on 2022 with ARR[1] up 6% and Occupancy of 81.0% in 2023
- 'LFL' Hotel EBITDAR margin[1] of 42.3%, up on 2022 (41.7%), in line with 2019
- Profit before tax of €105.5 million, down due to reversal of previous period revaluation losses post Covid in 2022
- 2023 Free Cashflow[1] of €133.4 million, up 5% on 2022

ANNOUNCING TODAY

- 216-bedroom extension at Clayton Hotel Manchester Airport (£40m), subject to planning
- The Board is proposing a final dividend of 8.0 cents per share, representing dividend payment of c. €18 million

EXECUTING AMBITIOUS GROWTH STRATEGY – CURRENT PIPELINE OVER 1,500 ROOMS

- Delivering growth through freehold acquisitions, leases and development opportunities with €156 million deployed during 2023
    - Invested £97.7 million (€112.3 million) in two strategic London assets, Maldron Hotel Finsbury Park (191 rooms) and Clayton Hotel London Wall (89 rooms), which began trading under Dalata ownership during the year
    - Second hotel in Continental Europe with €29.5 million leasehold acquisition of rebranded Clayton Hotel Amsterdam American (173 rooms), which began trading under Dalata in 2023
    - Invested £12.5 million (€14.4 million) in building conversion opportunity in Edinburgh with planning lodged for office conversion to 167-bedroom hotel (14 additional rooms added through design post-acquisition, subject to planning)
- Signed agreement for lease with the landlord of Clayton Hotel Manchester Airport to extend the current lease term from the remaining 61 years to 200 years in total. The new lease is conditional on the receipt of a grant of planning for a 216-bedroom extension to be developed by Dalata. The estimated investment of £40 million also provides for the refurbishment of the ground floor and a portion of the bedrooms at the existing hotel, as well as the upgrade to plant and machinery to improve the sustainability of the hotel. The project is targeted for completion in H1 2027. The existing hotel will continue to trade through the development.

- UK rooms to exceed 5,000 by end of 2024 (+28% since end of 2022) with the opening of centrally located hotels in London, Liverpool, Brighton and Manchester (together 834 rooms)
- Considerable firepower potential from ongoing cash flows to invest in further opportunities over the medium term, underpinned by freehold estate of €1.7bn primarily located in Dublin and London while maintaining a comfortable leverage of 2.0x to 2.5x Net Debt to EBITDA after rent[1] (31 December 2023: Net Debt to EBITDA after rent[1] of 1.3x with cash and undrawn facilities of €283.5 million)
- Focussed on growing in 11 key cities in the UK and establishing a presence in targeted large European cities with a strong mix of corporate and leisure demand

CREATING LONG-TERM VALUE, BALANCED WITH MAINTAINING FINANCIAL DISCPLINE

- Strong RevPAR[1] growth and high Hotel EBITDAR margins[1] from existing hotels, together with the impact from new openings helped to deliver strong returns
- Continuing to use innovation to protect profitability and enhance employee and customer experience
- Normalised Return on Invested Capital[1] of 13.8% (2022: 11.6%)
- Net property revaluation uplift of €94.1 million (+7% on hotel assets[1] at 31 December 2022) with c. €0.5 billion uplift since IPO
- Excellent quality long-term leases with strong Rent Cover[1] of 1.8x (weighted average lease term of 29.5 years remaining)
- Fully hedged on £176.5 million term loan with interest rate swaps in place fixing the SONIA benchmark rate at approximately 1.0% until 26 October 2024 and rent payments largely fixed until 2026

PUTTING PEOPLE AT THE HEART OF WHAT WE DO

- Achieved record engagement scores from employees across the Group and launched additional benefits programmes
- Received 'Silver' accreditation from Investors in Diversity and won our first Diversity and Inclusion Award at annual Irish Published Accounts Awards
- Building a pipeline of talent for future growth with approx. 800 employees currently on or having completed development programmes in 2023 (c. 15% of all employees) and 585 employees promoted in 2023
- Experienced hotel leadership - General Managers at our three hotel additions in 2023 have come through the Dalata development pathway meaning our teams hit the ground running

FULLY INTEGRATED SUSTAINABILITY STRATEGY

- 27% reduction in Scope 1 & 2 carbon emissions per room sold achieved in 2023 versus 2019 (compared to a target of 20% reduction on 2019 full year levels by 2026) due to increased sustainability focus and management
- Aim to commit to Science Based Targets initiative (SBTi), subject to receipt and review of final building sector guidance. Regardless of outcome, Dalata continue to focus on broadly following the draft SBTi target requirements, with ambition to target in-use operational emissions, embodied carbon emissions and Scope 3 emissions
- The building conversion opportunity in Edinburgh will be one of our first hotels to be designed with zero on-site carbon emissions and significant potential for biodiversity gains. As a conversion scheme, external consultants estimate that it has been designed with approximately 70% lower embodied carbon and 50% lower whole lifecycle CO2e compared with a hypothetical new build structure
- Adherence to the Corporate Sustainability Reporting Directive (CSRD) from 2024 will provide a more robust and transparent benchmark for our sustainability efforts

BRAND REFRESH

- Refreshed brands reflect our commitment to delivering value, building trust, and fostering meaningful connections with our people and customers
- Launching corporate brand refresh today, Clayton and Maldron to follow in Q2 this year
- Supported by extensive consumer research to redefine where our brands operate and how best to meet our customers' expectations
- Consolidation of digital marketing and social media activities to increase direct bookings and achieve cost efficiencies. 22% increase in 'LFL' direct room bookings in H2 2023 vs H2 2022
- Further investment to support the refresh of our brands expected over time, however, we will remain disciplined in our approach and prioritise spend on the areas most impactful to customers and the business

OUTLOOK

The Group's 'like for like' RevPAR[1] was 4% behind 2023 for January / February. Corporate demand was ahead of 2023 levels. Our Regional Ireland and UK portfolio performed broadly in line with January / February 2023. RevPAR[1] in our Dublin portfolio was 11% behind last year for the same period. In these traditionally quieter months (January and February represented approximately 11% of our room revenue in 2023), the Dublin market was impacted by the additional supply of approximately 1,800 rooms compared to the same period last year due to the opening of new hotels and some hotels returning from government use in Spring 2023. There was also a lower number of events compared to 2023 affecting the leisure transient segment. RevPAR[1] performance for our Dublin portfolio was in line with the market for January.

Notwithstanding this and the ongoing uncertainty in the macro-economic environment, the Group remains optimistic in its trading outlook for 2024 supported by future demand indicators across our markets, including growing air traffic forecasts and strong event calendars for the remainder of the year. External research and surveys indicate that travel remains a high priority for consumers while employment and consumer saving levels remain supportive of trading. We also look forward to the greater contribution from the 10 hotels recently added to the portfolio as they mature.

We remain attentive to the macro-economic backdrop and geopolitical environment for events which could impact the business. As a priority, we are proactively addressing inflationary pressures, particularly payroll costs following recent minimum wage and living wage increases in Ireland and the UK. Dalata have given increases in pay rates ranging from 3.5%-10% in 2024. In 2023, we achieved 'like for like' Hotel EBITDAR margin[1] in line with that achieved in 2019 despite a 15% increase in minimum wage in Ireland and a 27% increase in living wage in the UK since then along with elevated energy costs. We remain confident in our ability to continue to manage inflationary pressures on the business through our ability to innovate and drive efficiencies across our portfolio.

The Group's strong Free Cashflow[1] generation, asset backed balance sheet with low gearing and proven decentralised business model ensures it is well positioned to respond to the challenges and benefit from the opportunities that may lie ahead.

DIVIDENDS

On 28 February 2024, the Board proposed a final dividend of 8.0 cents per share amounting to approximately €18 million. This proposed dividend is subject to approval by shareholders at the Annual General Meeting. The payment date for the final dividend will be 1 May 2024 to shareholders registered on the record date of 5 April 2024.

DERMOT CROWLEY, DALATA HOTEL GROUP CEO, COMMENTED:

"I am delighted to announce that the Group has delivered another excellent set of results, reflecting a year that has been highly successful in many ways. After exceeding revenue of €500 million in 2022, the Group has grown revenues further to over €600 million in 2023. Our established hotels continue to drive revenue and convert strongly to the bottom line underpinned by our decentralised model. We also added three hotels to the portfolio in London (x2) and Amsterdam – two of Europe's most attractive capital cities. I would like to thank all my colleagues across our 53 hotels and at our central office for their hard work, dedication and professionalism – it is through their efforts that we are able to announce such a positive set of results today.

Hospitality is all about people and, in Dalata, we have great people. Our commitment to inclusion and diversity and our focus on well-being provides our employees with a rewarding and attractive place to work. Our wide breadth of development programmes, together with our exciting expansion plans, provides excellent opportunities for career development which in turn provides a pipeline of talent to open our new hotels and continue to deliver excellent returns for shareholders.

We recognise the power inherent in our brands, and through focus and efforts, we are unlocking that power. As we grow our scale and geographical footprint enhancing our brands becomes more important for maximising our commercial potential. During 2023, we engaged a global marketing communications agency supported by extensive customer research to refresh our brands. Today, we are launching the refreshed Dalata brand which reflects what Dalata is all about – engaged teams passionate about our hospitality and customer service. This is best summed up as "the heart of hospitality". We will be launching the refresh of our Clayton and Maldron brands in the second quarter of this year.

We are also seeing the benefits of our ongoing commitment to respond innovatively to the challenges and opportunities facing our industry. We have achieved a notable increase in productivity by streamlining work practices within our accommodation and kitchens which is critical given the significant increase in minimum wage rates in Ireland and the UK. The productivity increases were achieved whilst also increasing employee satisfaction levels in those departments. We will continue to use innovation and technology to find smarter ways to deliver what our guests are looking for at our hotels. I am excited by the projects we are rolling out during 2024 and the continued benefits from those commenced in 2023.

Our investment in green plant and machinery and strong focus on sustainability from our management teams has delivered further utility consumption savings. The Group achieved a 27% reduction in our Scope 1 & 2 carbon emissions per room sold in 2023 compared to 2019 (versus a target of 20% reduction by 2026).

Dalata's growth strategy remains compelling. We combine our hotel operator and developer expertise, supported by a strong financial position allowing us to be agile and capitalise on opportunities as they arise. 2024 will be another exciting year at Dalata. The UK remains our key strategic priority as we open four hotels across that market, which will be our most operationally sustainable new build hotels to date. I look forward to welcoming our first guests in Liverpool and Brighton as we continue to grow our presence across the UK to over 5,000 rooms by the end of 2024.

January and February in any year are two of the quieter months of the year – the impact of additional supply or reduced demand can have a larger than normal percentage impact on RevPAR. The combination of an additional 1,800 rooms in supply and a reduced number of events has led to a fall in RevPAR[1] in the Dublin market. We are reporting a fall of 11% for the two-month period versus 2023. However, when I look forward at the strength of the calendar of events for the balance of the year (especially from May onwards), the strong flight schedule at Dublin Airport and the increase in corporate demand experienced in the year to date, I am optimistic as we look to the balance of the year."

ENDS

ABOUT DALATA

Dalata Hotel Group plc is a leading hotel operator backed by €1.7bn in freehold and long leasehold assets in Ireland and the UK. Established in 2007, Dalata has become Ireland's largest hotel operator with an ambitious growth strategy to expand its portfolio further in excellent locations in select, large cities in the UK and Continental Europe. The Group's portfolio comprises 53 primarily four-star hotels operating through its two main brands, Clayton and Maldron Hotels, with 11,413 rooms and a pipeline of over 1,500 rooms. For the year ended 31 December 2023, Dalata reported revenue of €607.7 million, basic earnings per share of 40.4 cent and Free Cashflow per Share of 59.7 cent. 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 institutional investors and analysts at 08:30 today 29 February 2024.

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

Please allow sufficient time for registration.

Contacts

Dalata Hotel Group plc	investorrelations@dalatahotelgroup.com
Dermot Crowley, CEO	Tel +353 1 206 9400
Carol Phelan, CFO	
Niamh Carr, Head of Investor Relations	
Joint Group Brokers	
Davy: Anthony Farrell	Tel +353 1 679 6363
Berenberg: Ben Wright	Tel +44 20 3753 3069
Investor Relations and PR | FTI Consulting	Tel +353 86 401 5250
Melanie Farrell	dalata@fticonsulting.com

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.

2023 FINANCIAL PERFORMANCE

€million	2023	2022[2]
Revenue	**607.7**	515.7
Hotel EBITDAR[1]	**252.3**	205.7
Hotel variable lease costs	**(3.7)**	(3.8)
Hotel EBITDA[1]	**248.6**	201.9
Other income (excluding gain on disposal of property, plant and equipment)	**1.5**	1.4
Central costs	**(21.1)**	(16.5)
Share-based payments expense	**(5.9)**	(3.4)
Adjusted EBITDA[1]	**223.1**	183.4
Adjusting items[3]	**(2.9)**	28.7
Group EBITDA[1]	**220.2**	212.1
Depreciation of property, plant and equipment and amortisation	**(33.4)**	(29.1)
Depreciation of right-of-use assets	**(30.7)**	(27.5)
Operating profit	**156.1**	155.5
Interest on lease liabilities	**(42.8)**	(38.1)
Other interest and finance costs	**(7.8)**	(7.7)
Profit before tax	**105.5**	109.7
Tax charge	**(15.3)**	(13.0)
Profit for the year	**90.2**	96.7
Earnings per share (cents) – basic	**40.4**	43.4
Adjusted earnings per share[1] (cents) – basic	**41.7**	31.7
Hotel EBITDAR margin[1]	**41.5%**	39.9%
Group KPIs (as reported)		
RevPAR (€)	**114.67**	102.23
Occupancy	**80.0%**	75.8%
Average room rate (ARR) (€)	**143.36**	134.80
'Like for like' Group KPIs[1]		
RevPAR (€)	**116.69**	105.17
RevPAR growth on 2022	**11%**	
Occupancy	**81.0%**	77.3%
Average room rate (ARR) (€)	**143.99**	136.12

Half-yearly 'like for like' Group KPIs[1]	H1 2023	H2 2023
RevPAR (€)	**112.09**	**121.21**
RevPAR growth on equivalent period in 2022	**23%**	**2%**
Occupancy	**79.7%**	**82.4%**
Average room rate (ARR) (€)	**140.66**	**147.15**

Summary of hotel performance

The Group delivered strong Adjusted EBITDA[1] of €223.1 million in 2023, up 22% from €183.4 million in 2022. Strong revenue conversion at existing hotels resulted in year-on-year growth of €38.6 million and hotel additions in 2022 and 2023[4] contributed a further €23.3 million of growth. Covid related government support totalling €15.2 million was included in 2022 Adjusted EBITDA[1].

The Group achieved revenue of €607.7 million for the year, representing an increase of 18% compared to 2022. This increase was driven by strong underlying performance at the existing hotels (growth of €50.9 million) as well as recent additions to the portfolio. The ten hotels added to the portfolio during 2022 and 2023, together contributed a year-on-year increase of €45.7 million. This was partially offset by the disposal of Clayton Crown Hotel, London in June 2022, which generated revenue of €2.2 million in that year.

'Like for like' Group RevPAR[1] for the year was €116.69, up from €105.17 (+11%) in 2022 as the existing portfolio returned to strong occupancy levels above 80% and achieved average room rate[1] growth of 6%. The strong start to 2023, as the hotels benefitted from the recovery in Q1 2023 versus Q1 2022 (which had some Covid restrictions), was followed by ongoing recovery in corporate demand and pricing, together with sustained leisure demand in our markets. During 2023, the year-on-year growth rate moderated from 'like for like' RevPAR[1] growth of 23% in H1 2023 to 2% in H2 2023 when compared to the equivalent period in 2022. In Ireland, the market was impacted by the increase in the VAT rate of an additional 4.5% from 1 September 2023, a lower number of stadium events in Dublin in Q4 2023 and lower demand around the Christmas period. Hotel room supply in Ireland remains constrained with a significant number of rooms being used for the provision of emergency accommodation.

On a 'like for like' basis[1], food and beverage revenues grew by €8.4 million to €101.6 million (2022: €93.2 million). Food and beverage revenue stabilised during 2023 and the Group made significant gains in profitability supported by the rollout of the Dalata Signature Range.

The Group continues to proactively manage its cost base and respond to inflation. On a 'like for like' basis[1], hotel operating costs, defined as revenue less Hotel EBITDA[1], increased by €12.3 million (+5%) to €296.2 million in 2023. Costs were higher in the first half of 2023, with the comparative period in 2022 impacted by Covid restrictions, while costs in the second half of 2023 were lower than the equivalent period in 2022.

The Group's ongoing commitment to reduce energy consumption (down by 12% year-on-year per room sold) and a reduction in gas and electricity pricing resulted in gas and electricity costs decreasing by €3.4 million to €23.4 million in 2023 versus 2022 on a 'like for like' basis[1]. The Group has either purchased or entered into fixed pricing contracts until June 2025 for approximately 90% of its projected gas and electricity consumption until December 2024 and 70% thereafter. Based on expected consumption levels, we estimate gas and electricity costs of approximately €26 million for 2024 (2023: €28 million).

The Group has made significant progress on innovation projects this year to protect or enhance profitability and customer and employee experience. Hotel payroll for the second half of 2023 was in line with the equivalent period in 2022 on a 'like for like' basis[1] despite the significant increases in minimum wage rates in Ireland and living wage rates in the UK. On similar business levels, the Group has increased productivity, achieving a 10% decrease in hours worked in the accommodation and food and beverage departments of 'like for like' hotels[1] in the second half of 2023. This was underpinned by the focus on innovation projects, notably the rooms accommodation efficiency project and the roll out of the Dalata Signature Range. Also, direct bookings through our brand websites are increasing and we are ambitious to improve this further supported by the refresh of our brands in 2024.

The Group remains focused on driving innovation and efficiencies across the business to offset the impact of rising costs, particularly in payroll following increases in minimum wage rates again in 2024 in Ireland and the UK. The rates increased by 15% and 27% respectively from 2019 to 2023. Despite this and significantly more elevated energy costs in recent years, the Group's Hotel EBITDAR margin[1] for 2023 was in line with 2019 levels on a 'like for like' basis[1]. The Group's 'like for like' Hotel EBITDAR margin[1] of 42.3% in 2023 was 60 basis points ahead of 2022 levels (41.7%) and 380 basis points ahead excluding Covid-19 related government support. With minimum wage increases of 12% and 10% in Ireland and the UK in 2024 and payroll costs representing 41% of the Group's operating costs in 2023, it will be an ongoing challenge to protect margin percentages. However, Dalata's focus and successes to date mean we are well positioned to continue to respond.

€million	**Revenue**	**Operating costs**	**Adjusted EBITDA[1]**
Year ended 31 December 2022	515.7	(332.3)	183.4
Movement at 'like for like' hotels[1]	50.9	(12.3)	38.6
Hotels added to the portfolio during either year[4]	45.7	(22.4)	23.3
2022 Covid-19 government support (now lapsed)	-	(15.2)	(15.2)
Movement in other income and group expenses	-	(6.6)	(6.6)
Hotel disposals	(2.2)	2.5	0.3
Effect of FX	(2.4)	1.7	(0.7)
Year ended 31 December 2023	**607.7**	**(384.6)**	**223.1**

PERFORMANCE REVIEW | SEGMENTAL ANALYSIS

The following section analyses the results from the Group's portfolio of hotels in Dublin, Regional Ireland, the UK and Continental Europe. In 2022, the operating performance of Clayton Hotel Düsseldorf was disclosed within the Dublin segment due to being a single asset and its immateriality in the context of the overall Group. Following the addition of Clayton Hotel Amsterdam American in October 2023, the Group's Continental Europe portfolio is now material enough to be presented separately. As a result, the 2022 operating performance for Dublin has been amended to exclude Clayton Hotel Düsseldorf.

1. Dublin Hotel Portfolio

€million	**2023**	2022
Room revenue	**216.9**	190.1
Food and beverage revenue	**51.3**	45.3
Other revenue	**17.9**	15.2
Revenue	**286.1**	250.6
Hotel EBITDAR[1]	**135.9**	118.5
Hotel EBITDAR margin %[1]	**47.5%**	47.3%

Performance statistics ('like for like')[5]	2023	2022
RevPAR (€)	**132.89**	119.98
Occupancy	**84.0%**	80.9%
Average room rate (ARR) (€)	**158.28**	148.26

Dublin owned and leased portfolio	31 Dec 2023	31 Dec 2022
Hotels at year end	**17**	17
Room numbers at year end	**4,439**	4,437

The Dublin portfolio consists of eight Maldron hotels, seven Clayton hotels, The Gibson Hotel and The Samuel Hotel. Ten hotels are owned and seven are operated under leases. The Group acquired two rooms at Clayton Hotel Liffey Valley during the year.

The Dublin portfolio delivered Hotel EBITDAR[1] of €135.9 million for the year, representing growth of 15% compared to Hotel EBITDAR[1] in the prior year of €118.5 million (which included Covid-19 related government support totalling €9.2 million). The two new hotels opened during 2022, The Samuel Hotel and Maldron Hotel Merrion Road, contributed an increase of €4.9 million. 'Like for like' Hotel EBITDAR margin[1] was 47.6% in 2023, 360 basis points ahead of 2022 levels (excluding Covid-19 related government support).

Revenue for the Dublin portfolio totalled €286.1 million in 2023, up €35.5 million (14%) on the prior year. 'Like for like' hotels[5] contributed €26.4 million of this increase, while the two new hotels opened during 2022 added a further €9.1 million.

'Like for like' Dublin RevPAR[5] for the year was €132.89, up from €119.98 (+11%) in 2022. The 'like for like' Dublin hotels[5] returned to high occupancy levels achieving 84% in 2023, supported by the recovery in the first quarter. Average room rate[1] grew by 7% on a 'like for like' basis[5]. The Dublin hotels benefitted from a strong return of corporate demand with conference and corporate business exceeding 2019 levels on a 'like for like' basis[5]. There were also a number of events in the city which drove strong leisure demand such as the Champions Cup rugby final in May 2023 and the Aer Lingus College Football Classic in August 2023. Demand was softer in the final quarter due to the lack of the Autumn Rugby Internationals as a result of the 2023 Rugby World Cup. There was also a 4.5% increase in the VAT rate effective from 1 September 2023. Despite this, for the second half of 2023, 'like for like' RevPAR[5] was in line with the 2022 equivalent levels.

During 2023, the Dublin market also benefitted from strong visitor numbers with the volume of passengers travelling through Dublin Airport broadly in line with 2019 levels and employment levels in the city remains high with a strong presence from foreign direct investment. Hotel room supply remains constrained with a significant number of rooms being used for the provision of emergency accommodation and external estimates suggest approximately 10% of the total room supply in Dublin is currently out of use.

On a 'like for like' basis[5], food and beverage revenues grew by €4.6 million to €48.3 million (2022: €43.7 million), supported by recovery in the first quarter. We are increasing earnings from our food and beverage outlets through competitive pricing and driving efficiencies to enhance profitability. 'Like for like'[5] food and beverage departmental margin increased to 30% in 2023 (+710 bps on 2022).

2. Regional Ireland Hotel Portfolio

€million	2023	2022
Room revenue	**73.2**	63.8
Food and beverage revenue	**30.3**	28.1
Other revenue	**8.8**	7.9
Revenue	**112.3**	99.8
Hotel EBITDAR[1]	**37.0**	31.7
Hotel EBITDAR margin %[1]	**33.0%**	31.8%

Performance statistics	2023	2022
RevPAR (€)	**107.44**	93.60
Occupancy	**79.5%**	74.6%
Average room rate (ARR) (€)	**135.13**	125.48

Regional Ireland owned and leased portfolio	31 Dec 2023	31 Dec 2022
Hotels at year end	**13**	13
Room numbers at year end	**1,867**	1,867

The Regional Ireland portfolio comprises seven Maldron hotels and six Clayton hotels primarily located in the cities of Cork, Galway and Limerick. 12 hotels are owned and one is operated under a lease.

The Regional Ireland portfolio generated Hotel EBITDAR[1] of €37.0 million in 2023, which was an increase of €5.3 million compared to 2022. Hotel EBITDAR[1] of €31.7 million in 2022 included Covid-19 related government support of €4.7 million. Hotel EBITDAR margin[1] was 33.0% in 2023, 590 basis points ahead of 2022 levels (excluding Covid-19 related government support).

Revenue exceeded €100 million for the first time, growing by €12.5 million to €112.3 million in 2023 (2022: €99.8 million).

Room revenue growth of 15% benefitted from a continued increase in the number of international travellers visiting Ireland as airline capacity returns to pre-pandemic levels. Occupancy was strong at 79.5% in 2023, up from 74.6% in 2022, supported by a large growth in tour group and corporate business. The hotels continued to grow rates across all customer categories with average room rates[1] increasing by 8% on 2022 levels. Domestic leisure demand also remained robust although travel patterns are normalising. Trade remained strong in the second half of 2023 with RevPAR[1] growth of 7%, led by pricing. Similar to Dublin, the provision of emergency accommodation for refugees is reducing hotel room supply in Regional Ireland.

Food and beverage revenues grew by 8% from €28.1 million in 2022 to €30.3 million in 2023, supported by recovery in the first quarter. Strong focus on driving efficiencies resulted in food and beverage departmental margin increasing to 27% in 2023 (+700 bps on 2022).

3. UK Hotel Portfolio

Local currency - £million	**2023**	2022
Room revenue	**127.3**	101.0
Food and beverage revenue	**26.5**	22.3
Other revenue	**8.0**	7.0
Revenue	**161.8**	130.3
Hotel EBITDAR[1]	**62.2**	45.8
Hotel EBITDAR margin %[1]	**38.4%**	35.2%

Performance statistics ('like for like')[6]	**2023**	2022
RevPAR (£)	**86.11**	77.95
Occupancy	**77.8%**	73.7%
Average room rate (ARR) (£)	**110.68**	105.79

UK owned and leased portfolio	**31 Dec 2023**	31 Dec 2022
Hotels at year end	**18**	16
Room numbers at year end	**4,242**	3,962

The UK hotel portfolio comprises 12 Clayton hotels and six Maldron hotels with four hotels situated in London, 11 hotels in regional UK, focussed on the large cities of Manchester, Glasgow, Birmingham and Bristol, and three hotels in Northern Ireland. Seven hotels are owned, nine are operated under long-term leases and two hotels are effectively owned through a 99-year lease and 122-year lease. Clayton Hotel London Wall (89 rooms) and Maldron Hotel Finsbury Park (191 rooms) both commenced trading under Dalata ownership in July 2023.

The UK portfolio delivered Hotel EBITDAR[1] of £62.2 million in 2023, growing £16.4 million (+36%) from £45.8 million in 2022 (which included Covid related government support of £1.1 million). This growth reflects an uplift of £10.7 million relating to the full year impact of the four hotels added to the portfolio during 2022 and two London hotels added during 2023[4]. 'Like for like' Hotel EBITDAR margin[1] was 39.4% for 2023, 260 basis points ahead of 2022 levels (excluding Covid-19 related government support).

The four hotels added to the portfolio during 2022 performed strongly, achieving a Rent Cover[1] of 1.7x despite being only open for an average of 20 months at 31 December 2023.

Revenue for the UK portfolio totalled £161.8 million in 2023, up £31.5 million (24%) on the prior year. 'Like for like'[6] hotels contributed £10.4 million of this increase, while the six new hotels added during 2022/2023 added a further £23.0 million. These uplifts were partially offset by the sale of Clayton Crown Hotel in June 2022 which reduced revenues by £1.9 million.

'Like for like' occupancy[6] was strong at 77.8% in 2023, up from 73.7% in 2022. Our London hotels, which had been slower to recover from the Covid-19 pandemic, rebounded strongly from the ongoing recovery in inbound leisure travel and corporate business during 2023 with RevPAR[1] 17% ahead of 2022 levels on a 'like for like' basis[6]. 'Like for like' RevPAR[6] at our regional UK and Northern Ireland hotels was 9% ahead of 2022 levels driven by sustained domestic demand, particularly within the corporate category. Trade remained strong in the second half of 2023 with 'like for like' UK RevPAR[6] growth of 3%.

'Like for like'[6] food and beverage revenue for the year grew by £1.6 million (9%) to £19.9 million (2022: £18.3 million), supported by recovery in the first quarter. 'Like for like'[6] food and beverage departmental margin increased to 28% in 2023 (+400 bps on 2022).

4. Continental Europe Hotel Portfolio

€million	2023	2022
Room revenue	**16.4**	9.8
Food and beverage revenue	**4.9**	2.4
Other revenue	**1.7**	0.7
Revenue	**23.0**	12.9
Hotel EBITDAR[1]	**7.7**	2.0
Hotel EBITDAR margin %[1]	**33.6%**	15.1%

Continental Europe leased portfolio	**31 Dec 2023**	31 Dec 2022
Hotels at year end	**2**	1
Room numbers at year end	**566**	393

The Continental Europe hotel portfolio includes Clayton Hotel Düsseldorf (393 rooms) which was added to the portfolio in February 2022 and was disclosed within the Dublin portfolio in previous reporting periods due to its size in the context of the overall Group. In October 2023, the Group added the leasehold interest in the Hard Rock Hotel Amsterdam American (173 rooms) which was subsequently rebranded as Clayton Hotel Amsterdam American. Both hotels are operated under leases.

Clayton Hotel Düsseldorf performed well during the year, despite the challenging backdrop of the German economy. The Group continues to integrate the hotel into the Dalata portfolio and is already seeing tangible benefits of our revenue management approach and relationships as the hotel outperformed in RevPAR[1] growth against its compset[1]. The Group is also pleased with the performance of Clayton Hotel Amsterdam American since its integration into the portfolio. Both hotels in this region were cash positive for the year or period of trading since being added to the portfolio.

Central costs and share-based payment expense

Central costs totalled €21.1 million during the year (2022: €16.5 million). This included the positive impact of an insurance provision write-back and discount unwind of €1.3 million (2022: €0.7 million). Excluding the impact of this, the increase of €5.2 million primarily relates to payroll costs due to additional headcount and pay increases post pandemic era restrictions to support the growth of the Group and increases in performance-related remuneration for executive directors. The Group also incurred additional costs in relation to strategic marketing projects to support the brand refresh and consolidation of digital marketing and will continue to invest in the refresh of its employer and consumer brands in 2024.

The Group's share-based payment expense represents the accounting charge for the Group's LTIP and SAYE share schemes and increased to €5.9 million in 2023 (2022: €3.3 million) primarily based on the Group's assessment of non-market performance conditions of active LTIP award schemes. The Group also recognised an additional charge of €0.9 million during the year on foot of the vesting of awards granted in March 2020.

Adjusting items to EBITDA

€million	2023	2022
Reversal of previous periods revaluation losses through profit or loss	**2.0**	21.2
Gain on disposal of Clayton Crown Hotel, London	**-**	3.9
Income from the sale of Merrion Road residential units	**-**	42.6
Release of costs capitalised for Merrion Road residential units	**-**	(41.0)
Hotel acquisition costs	**(4.4)**	-
Hotel pre-opening expenses	**(0.5)**	(2.7)
Net reversal of previous impairment charges of fixtures, fittings and equipment	**-**	0.6
Net reversal of impairment of right-of-use assets	**-**	4.1
Adjusting items[1]	**(2.9)**	28.7

The Group recorded a net revaluation gain of €94.1 million on the revaluation of its property assets at 31 December 2023 of which €2.0 million was recorded as the reversal of previous period revaluation losses through profit or loss (2022: €21.2 million). There were no revaluation losses through profit or loss in the year (2022: €nil). Further detail is provided in the 'Property, plant and equipment' section (note 15) of the financial statements.

On 3 July 2023, the Group acquired the long leasehold interest and trade of Apex Hotel London Wall, now trading as Clayton Hotel London Wall, for a total cash consideration of £53.4 million (€62.1 million). Acquisition-related costs, primarily stamp duty, of £3.3 million (€3.8 million) were charged to administrative expenses in profit or loss in respect of this business combination. Further detail is provided in the 'Business combinations' section (note 13) of the financial statements.

On 3 October 2023, the Group acquired 100% of the share capital of American Hotel Exploitatie BV which holds the operational lease of the Hard Rock Hotel Amsterdam American, now trading as Clayton Hotel Amsterdam American, for a total cash consideration of €28.3 million (net working capital liabilities of €1.2 million were also assumed on acquisition). Acquisition-related costs of €0.6 million were charged to administrative expenses in profit or loss in respect of this business combination. Further detail is provided in the 'Business combinations' section (note 13) of the financial statements.

The Group incurred €0.5 million of pre-opening expenses during the year (2022: €2.7 million). These expenses are related to the opening of Maldron Hotel Finsbury Park, London in July 2023.

In 2022, the Group completed the sale to Irish Residential Properties REIT (plc) ('I-RES') of the Merrion Road residential units which had been developed by the Group on the site of the former Tara Towers Hotel. Total sales proceeds of €42.6 million were recognised as income in profit or loss for the year ended 31 December 2022. The related capitalised contract fulfilment costs of €41.0 million were released from the statement of financial position to profit or loss and recognised within costs for the year ended 31 December 2022. Further detail is provided in the 'Contract fulfilment costs' section (note 17) of the financial statements.

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, typically the end of the lease term. The depreciation of right-of-use assets increased by €3.2 million to €30.7 million for the year ended 31 December 2023, primarily due to the full year impact of six leased hotels added to the portfolio during 2022[7], and the impact of the lease of Clayton Hotel Amsterdam American, which was added in October 2023.

Depreciation of property, plant and equipment and amortisation

Depreciation of property, plant and equipment and amortisation increased by €4.4 million to €33.4 million in 2023. The increase primarily relates to the acquisition of two London hotel assets during the year, fixtures and fittings acquired with the leasehold addition of Clayton Hotel Amsterdam American and the full year impact of the depreciation of Maldron Hotel Merrion Road, Dublin which opened in August 2022.

Finance Costs

€million	**2023**	2022
Interest expense on bank loans and borrowings	**15.6**	7.9
Impact of interest rate swaps	**(6.9)**	(0.2)
Other finance costs	**1.3**	2.4
Net foreign exchange (gain)/loss on financing activities	**(0.2)**	0.2
Finance costs before capitalised interest and excluding lease liability interest	**9.8**	10.3
Capitalised interest	**(2.0)**	(2.5)
Finance costs excluding lease liability interest	**7.8**	7.8
Interest on lease liabilities	**42.8**	38.1
Finance costs	**50.6**	45.9
Weighted average interest cost, including the impact of hedges		
- Sterling denominated borrowings	**3.2%**	3.6%
- Euro denominated borrowings	**4.2%**	2.5%

Finance costs related to the Group's loans and borrowings (before capitalised interest) amounted to €9.8 million in 2023, decreasing from €10.3 million in 2022. Lower banking margins on the Group's term loan and RCF drawn amounts, which are set with reference to the Net Debt to EBITDA covenant levels, lower commitment fee charges, which are calculated as a percentage of margin, and lower average borrowings were mostly offset by the impact of IFRS 9 accounting adjustments recorded in 2022 which reduced finance costs in the prior year and a higher variable interest cost on RCF drawn amounts.

During the year, interest on loans and borrowings of €2.0 million was capitalised to assets under construction, relating to the construction of Maldron Hotel Shoreditch, London.

Interest on lease liabilities for the year increased from €38.1 million in 2022 to €42.8 million in 2023 primarily due to the full year impact of six leased hotels added to the portfolio during 2022[7], and the impact of the lease of Clayton Hotel Amsterdam American, which was added in October 2023.

Tax charge

The tax charge for the year ended 31 December 2023 of €15.3 million mainly relates to current tax in respect of profits earned in Ireland during the year. The deferred tax charge of €0.5 million primarily relates to deferred tax arising on revaluations of land and buildings through profit and loss. The Group's effective tax rate increased from 11.8% in 2022 to 14.5% in 2023, mainly due to the impact of non-taxable gains, such as the reversal of previous periods revaluation losses through profit and loss, during the prior year that reduced the effective tax rate in that year. At 31 December 2023, the Group has deferred tax assets of €18.1 million in relation to cumulative tax losses and interest carried forward which can be utilised to reduce corporation tax payments in future periods.

Earnings per share (EPS)

The Group's profit after tax of €90.2 million for the year (2022: €96.7 million) represents basic earnings per share of 40.4 cents (2022: 43.4 cents). The Group's profit after tax decreased by 7% year on year, mainly due to the impact of net property revaluation movements through profit and loss recorded in 2022, which increased profits in that year. Excluding the impact of adjusting items[1], adjusted basic earnings per share[1] grew by 32% to 41.7 cents in 2023 (2022: 31.7 cents). Adjusting items[1] in 2023 primarily related to acquisition costs of €4.4 million and the reversal of previous period revaluation losses through profit or loss of €2.0 million.

STRONG CASHFLOW GENERATION

The Group continues to generate strong Free Cashflow[1] to fund future acquisitions, development expenditure and shareholder returns. In 2023, Free Cashflow[1] totalled €133.4 million, up 5% on 2022 which benefitted from reduced levels of corporation tax and refurbishment capital expenditure payments. At 31 December 2023, the Group's Debt and Lease Service Cover[1] remains strong at 3.0x with cash and undrawn committed debt facilities of €283.5 million (31 December 2022: cash and undrawn debt facilities of €455.7 million).

Free Cashflow[1]	**2023**	2022
Net cash from operating activities	**171.4**	207.9
Other interest and finance costs paid	**(8.7)**	(12.3)
Refurbishment capital expenditure paid[1]	**(26.1)**	(15.9)
Fixed lease payments	**(53.5)**	(47.4)
Add back acquisition-related costs	**4.4**	-
Add back pre-opening costs	**0.5**	2.7
Exclude impact from net tax payments/(deferrals) under Debt Warehousing scheme	**34.9**	(8.5)
Exclude impact of 2022 corporation tax payments made during 2023	**10.5**	-
Free Cashflow[1]	**133.4**	126.5
Weighted average shares outstanding - basic (million)	**223.3**	222.9
Free Cashflow per Share[1] (cent)	**59.7c**	56.8c

During the year, the Group paid corporation tax totalling €23.8 million, compared to a corporation tax refund of €1.2 million received in 2022. This increase reflects both an increase in the Group's taxable profit levels as well as the normalisation of the timing of payments. Preliminary corporation tax is typically paid in the year the charge arises however due to the pandemic impact on tax liabilities, the payment of the 2022 corporation tax liabilities of €10.5 million did not fall due until 2023 when the 2023 preliminary tax payment was also made.

In April 2023, the Group fully repaid the tax deferrals under the Irish government's Debt Warehousing scheme of €34.9 million (2022: repaid Irish VAT and payroll tax liabilities totalling €2.5 million). Deferrals under the Debt Warehousing scheme ended in May 2022 and as such no further amounts were deferred during the year (2022: deferred Irish VAT and payroll tax liabilities totalling €11.0 million).

The Group made refurbishment capital expenditure payments totalling €26.1 million during the year (4.3% of 2023 revenues), compared to payments of €15.9 million in 2022 (3.1% of 2022 revenues). Completion of refurbishment projects was impacted by supply chain disruptions, which reduced the value of payments during 2022. The Group allocates approximately 4% of revenue to refurbishment capital expenditure projects.

At 31 December 2023, the Group has future capital expenditure commitments totalling €20.6 million, of which €9.6 million relates to the development of Maldron Hotel Shoreditch, London. The remaining balance of €11.0 million primarily relates to future capital expenditure commitments at our existing hotels.

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

€million	31 Dec 2023	31 Dec 2022
Non-current assets		
Property, plant and equipment	**1,684.8**	1,427.4
Right-of-use assets	**685.2**	658.1
Intangible assets and goodwill	**54.1**	31.1
Other non-current assets[8]	**32.5**	33.5
Current assets		
Trade and other receivables and inventories	**30.7**	32.6
Cash and cash equivalents	**34.2**	91.3
Other current assets[8]	**6.5**	4.9
Total assets	**2,528.0**	2,278.9
Equity	**1,392.9**	1,222.8
Loans and borrowings at amortised cost	**254.4**	193.5
Lease liabilities	**698.6**	651.8
Trade and other payables	**86.4**	119.0
Other liabilities[9]	**95.7**	91.8
Total equity and liabilities	**2,528.0**	2,278.9

The Group's balance sheet position remains robust through financial discipline with property, plant and equipment of €1.7 billion in excellent locations and cash and undrawn debt facilities of €283.5 million, supported by a Net Debt to EBITDA after rent[1] of 1.3x.

Property, plant and equipment

Property, plant and equipment amounted to €1,684.8 million at 31 December 2023. The increase of €257.4 million since 31 December 2022 is driven by additions of €118.3 million, acquisitions through business combinations of €68.2 million, revaluation movements on property assets of €94.1 million, a foreign exchange gain on the retranslation of Sterling-denominated assets of €7.3 million and capitalised borrowing and labour costs of €2.3 million, partially offset by a depreciation charge of €32.8 million for the year.

73% of the Group's property, plant and equipment is located in Dublin and London. The Group revalues its property assets, at owned and effectively owned trading hotels, at each reporting date using independent external valuers. The principal valuation technique utilised is discounted cash flows which utilise asset-specific risk-adjusted discount rates and terminal capitalisation rates. The independent external valuation also has regard to relevant recent data on hotel sales activity metrics.

Weighted average terminal capitalisation rate	2023	2022
Dublin	**7.40%**	7.56%
Regional Ireland	**9.06%**	8.75%
UK	**6.77%**	6.97%
Group	**7.47%**	7.61%

Revaluation uplifts of €94.1 million were recorded on our property assets in the year ended 31 December 2023. €92.1 million of the net gains are recorded as an uplift through the revaluation reserve. €2.0 million of the net revaluation uplifts are recorded through profit or loss reversing revaluation losses from prior periods.

Additions through acquisitions and capital expenditure €million	2023	2022
Total acquisitions and development capital expenditure	**163.1**	23.8
Total refurbishment capital expenditure[1]	**23.4**	16.1
Additions to property, plant and equipment	**186.5**	39.9

Acquisitions and development capital expenditure during the year mainly related to the:
- Acquisition of 107 year long-leasehold interest (effective freehold) of the newly rebranded Clayton Hotel London Wall - £53.4 million (€62.1 million)
- Acquisition of freehold interest and development capital expenditure at Maldron Hotel Finsbury Park, London - £49.5 million (€56.9 million), which included directly attributable transaction costs of £0.4 million (€0.5 million)
- Construction of Maldron Hotel Shoreditch, London, which is expected to open in Q3 2024 - £14.1 million (€16.2 million)
- Purchase of building conversion opportunity at 28 St. Andrew Square, Edinburgh - £13.3 million (€15.3 million), which included directly attributable transaction costs of £0.8 million (€0.9 million)
- Fixtures, fittings and equipment acquired with the leasehold addition of Clayton Hotel Amsterdam American - €6.1 million

The Group incurred €23.4 million of refurbishment capital expenditure during the year which mainly related to the refurbishment of 565 bedrooms across the Group, enhancements to food and beverage infrastructure, health and safety upgrades and energy efficient plant upgrades. The Group allocates approximately 4% of revenue to refurbishment capital expenditure.

Right-of-use assets and lease liabilities

At 31 December 2023, the Group's right-of-use assets amounted to €685.2 million and lease liabilities amounted to €698.6 million.

€million	Lease liabilities	Right-of-use assets
At 31 December 2022	651.8	658.1
Acquisitions through business combinations	43.4	43.4
Additions	0.4	0.4
Depreciation charge on right-of-use assets	-	(30.7)
Interest on lease liabilities	42.8	-
Remeasurement of lease liabilities	7.8	7.8
Lease payments	(53.5)	-
Translation adjustment	5.9	6.2
At 31 December 2023	**698.6**	**685.2**

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

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

- 18 year remaining lease for Clayton Hotel Amsterdam American in October 2023 – €41.0 million
- 107 year remaining ground lease for Clayton Hotel London Wall in July 2023 – £2.0 million (€2.3 million)

During the year ended 31 December 2023, a lease amendment, which was not included in the original lease agreement was made to one of the Group's leases. This has been treated as a modification of lease liabilities and resulted in an increase in lease liabilities and the carrying value of the right-of-use asset of €4.5 million. Following agreed rent reviews and rent adjustments, which formed part of the original lease agreements, certain of the Group's leases were reassessed during the year. This resulted in an increase in lease liabilities and related right-of-use assets of €3.3 million.

Over 90% of lease contracts at currently leased hotels include rent review caps which limit CPI/RPI-related payment increases to between 3% - 4% per annum.

Further information on the Group's leases including the unwind of right-of-use assets and release of interest charge is set out in note 16 to the financial statements.

Loans and borrowings

As at 31 December 2023, the Group had loans and borrowings at amortised cost of €254.4 million and undrawn committed debt facilities of €249.3 million. Loans and borrowings increased from 31 December 2022 (€193.5 million) mainly due to loan drawdowns during the year.

At 31 December 2023	Sterling borrowings £million	Euro borrowings €million	Total borrowings €million
Term Loan	176.5	-	203.1
Revolving credit facility:			
- Drawn in Sterling	44.9	-	51.6
- Drawn in Euro	-	4.0	4.0
External loans and borrowings drawn at 31 December 2023	**221.4**	**4.0**	**258.7**
Accounting adjustment to bring to amortised cost			(4.3)
Loans and borrowings at amortised cost at 31 December 2023			**254.4**

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

The Group's covenants comprising Net Debt to EBITDA (as defined in the Group's bank facility agreement which is equivalent to Net Debt to EBITDA after rent[1]) and Interest Cover[1] were tested on 31 December 2023. At 31 December 2023, the Net Debt to EBITDA covenant limit is 4.0x and the Interest Cover minimum is 4.0x. The Group complied with its covenants as at 31 December 2023.

The Group limits its exposure to foreign currency by using Sterling debt to act as a natural hedge against the impact of Sterling rate fluctuations on the Euro value of the Group's UK assets. The Group is also exposed to floating interest rates on its debt obligations and uses hedging instruments to mitigate the risk associated with interest rate fluctuations. This is achieved by entering into interest rate swaps which hedge the variability in cash flows attributable to the interest rate risk. The term debt interest is fully hedged until 26 October 2024 with interest rate swaps in place to 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 31 December 2023.

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[1] See Supplementary Financial Information which contains definitions and reconciliations of Alternative Performance Measures ('APM') and other definitions.
[2] The 2022 comparative figures include presentation amendments with no impact to basic or diluted earnings per share. For further details, please refer to note 2 of the financial statements.
[3] Adjusting items in 2023 include the net property revaluation gain of €2.0 million following the valuation of property assets (2022: net revaluation gain of €21.2 million) less acquisition costs of €4.4 million (2022: nil). Further detail on adjusting items is provided in the section titled 'Adjusting items to EBITDA'.
[4] The Group added ten hotels between January 2022 and October 2023. The Group added six hotels in the UK (Clayton Hotel Manchester City Centre, Maldron Hotel Manchester City Centre, Clayton Hotel Bristol City and Clayton Hotel Glasgow City in 2022 and Maldron Hotel Finsbury Park, London and Clayton Hotel London Wall in 2023), two hotels in Dublin (The Samuel Hotel and Maldron Hotel Merrion Road, Dublin in 2022) and two hotels in Continental Europe (Clayton Hotel Düsseldorf in 2022 and Clayton Hotel Amsterdam American in 2023).
[5] The reference to 'like for like' hotels in Dublin for performance statistics comparing to 2022 excludes The Samuel Hotel which is newly opened since April 2022 and Maldron Hotel Merrion Road which is newly opened since August 2022.
[6] The reference to 'like for like' hotels in the UK for performance statistics comparing to 2022 excludes Clayton Hotel Manchester City Centre, Maldron Hotel Manchester City Centre, Clayton Hotel Bristol City and Clayton Hotel Glasgow City as these only opened during 2022 and Maldron Hotel Finsbury Park and Clayton Hotel London Wall which began trading during 2023. Clayton Crown Hotel, London is also excluded as it was sold in June 2022.
[7] The six leased hotels added to the portfolio during 2022 were Clayton Hotel Manchester City Centre, Maldron Hotel Manchester City Centre, Clayton Hotel Düsseldorf, Clayton Hotel Bristol City, The Samuel Hotel, Dublin and Clayton Hotel Glasgow City.
[8] Other non-current assets comprise deferred tax assets, investment property, non-current derivative assets and other receivables (which include costs of €4.1 million associated with future lease agreements for hotels currently being constructed or in planning (31 December 2022: €1.1 million)). Other current assets comprise current derivative assets.
[9] Other liabilities comprise deferred tax liabilities, provision for liabilities and current tax liabilities.

PRINCIPAL RISKS AND UNCERTAINTIES

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

External, economic and geopolitical factors – Dalata operates in an open market, and its activities and performance are influenced by uncertainty resulting from broader geopolitical and economic factors outside the Group's control. Nonetheless, these factors can directly or indirectly impact the Group's strategy, future labour and direct cost base, performance, and the economic environments in which the Group operates.

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

Health, safety and security - The Group operates multiple hotels in Ireland, the UK and Continental Europe. Given the nature of these operations, health, safety, and security concerns will always remain a key priority for the Board and executive management. There is a risk that a material operational health and safety-related event, for example, a fire, food safety event or public health event resulting in loss of life, injury or significant property damage, occurs at a hotel and is not adequately managed.

We have a well-established health, safety and security framework in our hotels. There is ongoing capital investment in hotel life, fire and safety systems and servicing and identified risks are remediated promptly. External health and safety and food safety audits are conducted by statutory external bodies, new hotels are built to high health and safety standards, and all refurbishments include health and safety as a principal consideration.

Innovation - The hospitality market has seen ongoing change and innovation in its structure and how it delivers on guest expectations. Technological advances in guest bookings, pricing and service delivery in hospitality will continue. There is a risk that the Group does not consider and act, where necessary, to respond to changes in our markets and customer behaviour and adapt to changes in the broader hospitality market.

Innovation is a core objective for senior leadership, with ongoing executive management focus on developing hotel trends. The Group performs detailed research on customer wants and needs within our hotels, and reviews market trends with feedback from customers and teams on initiatives taken. The Group allocates resources to develop and implement business efficiencies and innovation and embraces enhanced use of business systems, new technologies and information to support innovation.

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

The Group invests in extensive development programmes, including hotel management and graduate development programmes across various business-related areas. These programmes are continually reviewed to reflect growing business needs and competencies. The Group is also focusing on the ongoing development of retention strategies (such as employee benefits, workplace culture, training, employee development programmes, progression opportunities and working conditions).

Cyber security, data and privacy – In the current environment, all businesses face heightened information security risks associated with increasingly sophisticated cyber-attacks, ransomware attacks and those targeting data held by companies. There is an ongoing risk that the Group's information systems are subject to a material cyber event that could have the potential for data loss or theft, denial of service or associated negative impact.

The ongoing security of our information technology platforms is crucial to the Board. The Group has invested in a modern, standardised technology platform supported by trusted IT partners. Our Information Security Management System is based on ISO27001 and audited twice annually. An established data privacy and protection structure, including dedicated specialist resources, is operational across our business.

Expansion and development strategy – The Group's strategy is to expand its activities in the UK and European markets, adopting a predominately capital-light and long-term leasing model or by directly financing a project, enabled by the Group's financial position. There is a risk that as the development programme continues, fewer viable opportunities could become available, or opportunities that do arise could have a higher risk profile. Changes in the cost of financing, yields and the availability of investment funds could also impact the strategy.

The Group has extensive acquisitions and development expertise within its central office function to identify opportunities and leverage its relationships, funding flexibility and financial position as a preferred partner. The Board scrutinises all development projects before commencement and is regularly updated on the progress of the development programme. Agreed financial criteria and due diligence are completed for all projects, including specific site selection criteria, detailed city analysis and market intelligence.

Our culture and values – The rollout of our business model is dependent on the retention and growth of our strong culture. There is a risk that the Group's continued expansion, in terms of the number of hotels and countries where we operate, may dilute the culture that has been a key to the Group's success.

We have defined Group values that are embedded in how we, as a Group and individuals, behave, which are set out in the Group's Code of Conduct. These are supported by internal structures that support and oversee expected behaviours. We also use wide-ranging measures to assess and monitor our culture, which are reviewed with the Board and management teams.

Climate change, ESG and decarbonisation strategy – The Board is keenly aware of the risks to society associated with climate change and environmental matters. We are also aware that being a socially responsible business supports our strategic objectives and benefits society and the communities in which we operate. There is a risk that we will not meet stakeholder expectations in this regard, particularly concerning target setting, environmental performance reporting and corporate performance.

The ESG Committee actively supports the Board in overseeing the development and implementation of the Group's strategy and targets in this area. A climate change and decarbonisation strategy is in place across our businesses, with published environmental targets.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the annual report and the consolidated and Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare consolidated and Company financial statements for each financial year. Under that law, the Directors are required to prepare the consolidated financial statements in accordance with IFRS as adopted by the European Union and applicable law including Article 4 of the IAS Regulation. The Directors have elected to prepare the Company financial statements in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year. In preparing the consolidated and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Company comply with the provisions of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by the Company's subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014 and Article 4 of the IAS Regulation. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

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

Responsibility statement as required by the Transparency Directive and UK Corporate Governance Code.

Each of the Directors, whose names and functions are listed in the Board of Directors section of this Annual Report, confirm that, to the best of each person's knowledge and belief:

- The consolidated financial statements, prepared in accordance with IFRS as adopted by the European Union, and the Company financial statements, prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014, give a true and fair view of the assets, liabilities, and financial position of the Group and Company at 31 December 2023 and of the profit of the Group for the year then ended;
- The Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face; and
- The Annual Report and financial statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

John Hennessy	**Dermot Crowley**
Chair	Director

28 February 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 €'000	2022 €'000 Restated (Note 2)
Continuing operations			
Revenue	3	**607,698**	515,728
Cost of sales		**(214,509)**	(183,766)
Gross profit from hotel operations		**393,189**	331,962
Income from residential development activities	2, 17	**-**	42,532
Cost of residential development activities	2, 17	**-**	(40,998)
Gross profit from residential development activities		**-**	1,534
Total gross profit		**393,189**	333,496
Administrative expenses	5	**(238,530)**	(183,206)
Other income	6	**1,484**	5,237
Operating profit		**156,143**	155,527
Finance costs	7	**(50,611)**	(45,870)
Profit before tax		**105,532**	109,657
Tax charge	11	**(15,310)**	(12,932)
Profit for the year attributable to owners of the Company		**90,222**	96,725
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property	15	**92,098**	188,185
Related deferred tax	26	**(10,451)**	(21,223)
		81,647	166,962

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023 *(continued)*

Items that are or may be reclassified subsequently to profit or loss			
Exchange gain/(loss) on translating foreign operations		**11,396**	(28,145)
(Loss)/gain on net investment hedge		**(6,343)**	17,482
Fair value movement on cash flow hedges	25	**1,753**	12,093
Cash flow hedges – reclassified to profit or loss	25	**(6,949)**	(179)
Related deferred tax	26	**1,299**	(2,929)
		1,156	(1,678)
Other comprehensive income for the year, net of tax		**82,803**	165,284
Total comprehensive income for the year attributable to owners of the Company		**173,025**	262,009
Earnings per share			
Basic earnings per share	32	**40.4 cents**	43.4 cents
Diluted earnings per share	32	**39.9 cents**	43.2 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	Note	2023 €'000	2022 €'000
Assets			
Non-current assets			
Intangible assets and goodwill	14	**54,074**	31,054
Property, plant and equipment	15	**1,684,831**	1,427,447
Right-of-use assets	16	**685,193**	658,101
Investment property		**2,021**	2,007
Derivative assets	25	**-**	6,825
Deferred tax assets	26	**24,136**	21,271
Other receivables	18	**6,418**	3,387
Total non-current assets		**2,456,673**	2,150,092
Current assets			
Derivative assets	25	**6,521**	4,892
Trade and other receivables	18	**28,262**	30,263
Inventories	19	**2,401**	2,342
Cash and cash equivalents	20	**34,173**	91,320
Total current assets		**71,357**	128,817
Total assets		**2,528,030**	2,278,909
Equity			
Share capital	21	**2,235**	2,229
Share premium	21	**505,079**	504,910
Capital contribution	21	**25,724**	25,724
Merger reserve	21	**81,264**	81,264
Share-based payment reserve	21	**8,417**	5,011
Hedging reserve	21	**4,891**	8,788
Revaluation reserve	21	**461,181**	379,534
Translation reserve	21	**(12,182)**	(17,235)
Retained earnings		**316,328**	232,541
Total equity		**1,392,937**	1,222,766

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023 *(continued)*

Liabilities			
Non-current liabilities			
Loans and borrowings	24	**254,387**	193,488
Lease liabilities	16	**686,558**	641,444
Deferred tax liabilities	26	**84,441**	71,022
Provision for liabilities	23	**6,656**	7,165
Other payables	22	**348**	239
Total non-current liabilities		**1,032,390**	913,358
Current liabilities			
Lease liabilities	16	**12,040**	10,347
Trade and other payables	22	**86,049**	118,818
Current tax liabilities		**2,659**	11,606
Provision for liabilities	23	**1,955**	2,014
Total current liabilities		**102,703**	142,785
Total liabilities		**1,135,093**	1,056,143
Total equity and liabilities		**2,528,030**	2,278,909

On behalf of the Board:

John Hennessy
Chair

Dermot Crowley
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company									
	Share capital	Share premium	Capital contribution	Merger reserve	Share-based payment reserve	Hedging reserve	Revaluation reserve	Translation reserve	Retained earnings	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2023	**2,229**	**504,910**	**25,724**	**81,264**	**5,011**	**8,788**	**379,534**	**(17,235)**	**232,541**	**1,222,766**
Comprehensive income:										
Profit for the year	-	-	-	-	-	-	-	-	**90,222**	**90,222**
Other comprehensive income										
Exchange gain on translating foreign operations	-	-	-	-	-	-	-	**11,396**	-	**11,396**
Loss on net investment hedge	-	-	-	-	-	-	-	**(6,343)**	-	**(6,343)**
Revaluation of properties (note 15)	-	-	-	-	-	-	**92,098**	-	-	**92,098**
Fair value movement on cash flow hedges (note 25)	-	-	-	-	-	**1,753**	-	-	-	**1,753**
Cash flow hedges – reclassified to profit or loss (note 25)	-	-	-	-	-	**(6,949)**	-	-	-	**(6,949)**
Related deferred tax (note 26)	-	-	-	-	-	**1,299**	**(10,451)**	-	-	**(9,152)**
Total comprehensive income for the year	-	-	-	-	-	**(3,897)**	**81,647**	**5,053**	**90,222**	**173,025**
Transactions with owners of the Company:										
Equity-settled share-based payments (note 9)	-	-	-	-	**5,910**	-	-	-	-	**5,910**
Transfer from share-based payment reserve to retained earnings	-	-	-	-	**(2,504)**	-	-	-	**2,504**	-
Vesting of share awards and options (note 9)	**6**	**169**	-	-	-	-	-	-	-	**175**
Dividends paid (note 21)	-	-	-	-	-	-	-	-	**(8,939)**	**(8,939)**
Total transactions with owners of the Company	**6**	**169**	-	-	**3,406**	-	-	-	**(6,435)**	**(2,854)**
At 31 December 2023	**2,235**	**505,079**	**25,724**	**81,264**	**8,417**	**4,891**	**461,181**	**(12,182)**	**316,328**	**1,392,937**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company									
	Share capital	Share premium	Capital contribution	Merger reserve	Share-based payment reserve	Hedging reserve	Revaluation reserve	Translation reserve	Retained earnings	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'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 year	-	-	-	-	-	-	-	-	96,725	**96,725**
Other comprehensive income										
Exchange loss on translating foreign operations	-	-	-	-	-	-	-	(28,145)	-	**(28,145)**
Gain on net investment hedge	-	-	-	-	-	-	-	17,482	-	**17,482**
Revaluation of properties (note 15)	-	-	-	-	-	-	188,185	-	-	**188,185**
Fair value movement on cash flow hedges (note 25)	-	-	-	-	-	12,093	-	-	-	**12,093**
Cash flow hedges – reclassified to profit or loss (note 25)	-	-	-	-	-	(179)	-	-	-	**(179)**
Related deferred tax (note 26)	-	-	-	-	-	(2,929)	(21,223)	-	-	**(24,152)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**8,985**	**166,962**	**(10,663)**	**96,725**	**262,009**
Transactions with owners of the Company:										
Equity-settled share-based payments (note 9)	-	-	-	-	3,329	-	-	-	-	**3,329**
Transfer from share-based payment reserve to retained earnings	-	-	-	-	(1,403)	-	-	-	1,403	**-**
Vesting of share awards and options (note 9)	-	15	-	-	-	-	-	-	-	**15**
Total transactions with owners of the Company	**-**	**15**	**-**	**-**	**1,926**	**-**	**-**	**-**	**1,403**	**3,344**
At 31 December 2022	**2,229**	**504,910**	**25,724**	**81,264**	**5,011**	**8,788**	**379,534**	**(17,235)**	**232,541**	**1,222,766**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 €'000	2022 €'000
Cash flows from operating activities		
Profit for the year	**90,222**	96,725
Adjustments for:		
Depreciation of property, plant and equipment	**32,791**	28,426
Depreciation of right-of-use assets	**30,663**	27,503
Amortisation of intangible assets	**650**	610
Net revaluation movements through profit or loss	**(2,025)**	(21,166)
Net impairment reversal of fixtures, fittings and equipment	**-**	(624)
Net impairment reversal of right-of-use assets	**-**	(4,101)
Gain on disposal of property, plant and equipment	**-**	(3,877)
Income from sale of Merrion Road residential units	**-**	(42,532)
Release of costs capitalised for Merrion Road residential units	**-**	40,998
Share-based payments expense	**5,910**	3,329
Interest on lease liabilities	**42,751**	38,101
Other interest and finance costs	**7,860**	7,769
Tax charge	**15,310**	12,932
	224,132	184,093
(Decrease)/increase in trade and other payables and provision for liabilities	**(33,625)**	37,168
Decrease/(increase) in current and non-current receivables	**4,562**	(13,912)
Decrease/(increase) in inventories	**110**	(677)
Tax (paid)/refunded	**(23,800)**	1,188
Net cash from operating activities	**171,379**	207,860
Cash flows from investing activities		
Purchase of property, plant and equipment	**(120,277)**	(40,315)
Contract fulfilment cost payments	**(1,965)**	(4,045)
Proceeds received from sale of Merrion road residential units	**-**	41,868
Costs paid on entering new leases and agreements for leases	**(1,825)**	(9,810)
Proceeds from sale of Clayton Crown Hotel	**-**	24,258
Acquisitions of undertakings through business combinations, net of cash acquired	**(90,294)**	-
Purchase of intangible assets	**(7)**	(202)
Net cash (used in)/from investing activities	**(214,368)**	11,754

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 *(continued)*

Cash flows from financing activities		
Interest paid on lease liabilities	**(42,751)**	(38,101)
Other interest and finance costs paid	**(8,726)**	(12,233)
Receipt of bank loans	**120,648**	11,973
Repayment of bank loans	**(64,374)**	(117,838)
Repayment of lease liabilities	**(10,747)**	(9,324)
Proceeds from vesting of share awards and options	**175**	15
Dividends paid	**(8,939)**	-
Net cash used in financing activities	**(14,714)**	(165,508)
Net (decrease)/increase in cash and cash equivalents	**(57,703)**	54,106
Cash and cash equivalents at the beginning of the year	**91,320**	41,112
Effect of movements in exchange rates	**556**	(3,898)
Cash and cash equivalents at the end of the year	**34,173**	91,320

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1 Material accounting policies

General information and basis of preparation
Dalata Hotel Group plc (the 'Company') is a Company domiciled in the Republic of Ireland. The Company's registered office is Termini, 3 Arkle Road, Sandyford Business Park, Dublin 18. The consolidated financial statements of the Company for the year ended 31 December 2023 include the Company and its subsidiaries (together referred to as the 'Group'). The financial statements were authorised for issue by the Directors on 28 February 2024.

The consolidated financial statements have been prepared in accordance with IFRS, as adopted by the EU. In the preparation of these consolidated financial statements the accounting policies set out below have been applied consistently by all Group companies.

The preparation of financial statements in accordance with IFRS as adopted by the EU requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Such estimates and judgements are based on historical experience and other factors, including expectation of future events, that are believed to be reasonable under the circumstances and are subject to continued re-evaluation. Actual outcomes could differ from those estimates.

In preparing these consolidated financial statements, the key judgements and estimates impacting these consolidated financial statements were as follows:

Significant judgements
- Carrying value of property measured at fair value (note 15).

Key sources of estimation uncertainty
- Carrying value of property measured at fair value (note 15); and
- Carrying value of goodwill and right-of-use assets including assumptions underpinning value in use ('VIU') calculations in the impairment tests (notes 12, 14, 16).

Measurement of fair values
A number of the Group's accounting policies and disclosures require the measurement of assets and liabilities at fair value. When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible, with non-financial assets being measured on a highest and best-use basis. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in note 27 – Financial instruments and risk management (in relation to financial assets and financial liabilities) and note 15 – Property, plant and equipment.

(i) Going concern
The year ended 31 December 2023 saw the Group trade strongly and continue the execution of its growth strategy. The strong trade, the full year impact of hotels added during 2022 and the addition of three hotels during 2023 has led to an increase in Group revenue from hotel operations from €515.7 million to €607.7 million, as well as net cash generated from operating activities in the year of €171.4 million (2022: €207.9 million).

The Group remains in a very strong financial position with significant financial headroom. The Group has cash and undrawn loan facilities of €283.5 million (2022: €455.7 million).

The Group is in full compliance with its covenants at 31 December 2023. In accordance with the amended and restated facility agreement entered into by the Group on 2 November 2021 with its banking club, the Group's banking covenants have reverted to Net Debt to EBITDA and Interest Cover from 30 June 2023. This replaces the Net Debt to Value covenant and liquidity minimum covenants which were temporarily in place up to 30 June 2023. At 31 December 2023, the Net Debt to EBITDA covenant limit is 4.0x and the Interest Cover minimum is 4.0x. The Group's Net Debt to EBITDA, as defined in the Group's bank facility agreement which is equivalent to Net Debt to EBITDA after rent, for the year ended 31 December 2023 is 1.3x (APM (xv)) and Interest Cover is 19.5x (APM (xvi)).

1 Material accounting policies *(continued)*

(i) 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 the above, with all available information, and the current liquidity and financial position in assessing the going concern of the Group. On this basis, the Directors have prepared these 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.

(ii) Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and their interpretations issued by the International Accounting Standards Board ('IASB') as adopted by the EU and those parts of the Companies Act 2014 applicable to companies reporting under IFRS and Article 4 of the IAS Regulation.

The following standards and interpretations were effective for the Group for the first time from 1 January 2023:
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting policies* (issued on 12 February 2021).
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (issued on 12 February 2021).
- Amendments to IAS 12 *Income taxes*: International Tax Reform – Pillar Two Model Rules
- Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021).
- IFRS 17 Insurance Contracts (issued on 18 May 2017) including Amendments to IFRS 17 (issued on 25 June 2020).
- Amendments to IFRS 17 *Insurance Contracts*: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021).

With the exception of the above amendments to IAS 12 *Income Taxes*, the above standards, amendments and interpretations have no material impact on the consolidated financial statements of the Group.

Accounting policies
The accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements as at and for the year ended 31 December 2022, apart from the amendments to IAS 12.

Amendments to IAS 12, effective for reporting periods beginning on or after 1 January 2023, clarify that the initial recognition exemption of deferred tax assets and liabilities does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments require separate presentation of deferred tax assets and liabilities arising on right-of-use assets and corresponding lease liabilities recognised under IFRS 16. The comparative gross deferred tax assets and deferred tax liabilities for 2022 have been restated in the deferred tax note in accordance with these amendments. The IAS 12 offsetting principle has been applied for deferred tax balances shown on the face of the Consolidated Statement of Financial Position. The changes to the deferred tax liabilities and deferred tax assets offset such that the net impact on the face of the Consolidated Statement of Financial Position at 31 December 2022 and the net impact on retained earnings was nil. (note 2).

Prior period restatement
Certain comparative amounts in the Consolidated Statement of Profit or Loss and Other Comprehensive Income have been re-presented as a result of a prior period restatement (note 2).

Standards issued but not yet effective
The following amendments to standards have been endorsed by the EU, are available for early adoption and are effective from 1 January 2024. The Group has not adopted these amendments to standards early, and instead intends to apply them from their effective date as determined by the date of EU endorsement. The potential impact of these amendments to standards on the Group is under review:
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current, and Non-current Liabilities with Covenants.*
- Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback.*

1 Material accounting policies *(continued)*

(ii) Statement of compliance *(continued)*
The following standards and interpretations are not yet endorsed by the EU. The potential impact of these standards on the Group is under review:

- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments*: Disclosures: Supplier Finance Arrangements. IASB effective date 1 January 2024
- Amendments to IAS 21 *Lack of exchangeability*. IASB effective date 1 January 2025.
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS28 *Investments in Associates and Joint Ventures for sale or contribution of Assets between an Investor and its Associate or Joint Venture.* Effective date deferred indefinitely.

(iii) Functional and presentation currency
These consolidated financial statements are presented in Euro, being the functional currency of the Company and the majority of its subsidiaries. All financial information presented in Euro has been rounded to the nearest thousand or million and this is clearly set out in the financial statements where applicable.

(iv) Basis of consolidation
The consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings.

Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested at least annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

When an acquisition does not represent a business, it is accounted for as a purchase of a group of assets and liabilities, not as a business combination. The cost of the acquisition is allocated to the assets and liabilities acquired based on their relative fair values, and no goodwill is recognised. Where the Group solely purchases the freehold interest in a property, this is accounted for as an asset purchase and not as a business combination on the basis that the asset(s) purchased do not constitute a business. Asset purchases are accounted for as additions to property, plant and equipment.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(v) Revenue recognition
Revenue represents sales (excluding VAT) of goods and services net of discounts provided in the normal course of business and is recognised when services have been rendered.

Revenue is derived from hotel operations and includes the rental of rooms, food and beverage sales, car park revenue and leisure centre membership in leased and owned hotels operated by the Group. Revenue is recognised when rooms are occupied and food and beverages are sold. Car park revenue is recognised when the service is provided. Leisure centre membership revenue is recognised over the life of the membership.

Management fees are earned from hotels managed by the Group. Management fees are normally a percentage of hotel revenue and/or profit and are recognised when earned and recoverable under the terms of the management agreement. Management fee income is included within other income.

Rental income from investment property is recognised on a straight-line basis over the term of the lease and is included within other income.

(vi) Sales discounts and allowances
The Group recognises revenue on a gross revenue basis and makes various deductions to arrive at net revenue as reported in profit or loss. These adjustments are referred to as sales discounts and allowances.

1 Material accounting policies *(continued)*

(vii) Income from residential development activities
Income in respect of a contract with a customer for the sale of residential property is recognised when the performance obligations inherent in the contract are completed. In 2022, the income related to the contract for the sale of the Merrion Road residential units which the Group developed as part of the overall development of the new Maldron Hotel Merrion Road on the site of the former Tara Towers hotel. Where there is variable consideration in the form of withheld retention receipts included in the transaction price, income is recognised for this variable consideration to the extent that it is highly probable it is receivable and is measured based on the most likely outcome.

Income from residential development activities has been presented within gross profit, separately from revenue from hotel operations (note 2).

(viii) Government grants and government assistance
Government grants represent the transfers of resources to the Group from the governments in Ireland and the UK in return for past or future compliance with certain conditions relating to the Group's operating activities. Income-related government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises, as expenses, the related costs for which the grants are intended to compensate. The Group accounts for these government grants in profit or loss via offseting against the related expenditure.

Government assistance is action by a government which is designed to provide an economic benefit specific to the Group or subsidiaries who qualify under certain criteria. Government assistance received by the Group includes a waiver of commercial rates for certain hotel properties and also the deferral of payment of payroll taxes and VAT liabilities and has been disclosed in these consolidated financial statements.

(ix) Leases
At inception of a lease contract, the Group assesses whether a contract is, or contains, a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, it is recognised as a lease.

To assess the right to control, the Group assesses whether:
- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset; and
- the Group has the right to direct the use of the asset.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate, which is defined as the estimated rate of interest that the lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate is calculated for each individual lease.

The estimated incremental borrowing rate for each leased asset is derived from country-specific risk-free interest rates over the relevant lease term, adjusted for the finance margin attainable by each lessee and asset-specific adjustments designed to reflect the underlying asset's location and condition.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease costs that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Variable lease costs linked to future performance or use of an underlying asset are excluded from the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in administrative expenses in profit or loss.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments.

1 Material accounting policies *(continued)*

(ix) Leases *(continued)*
The Group remeasures the lease liability where lease payments change due to changes in an index or rate, changes in expected lease term or where a lease contract is modified. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of any costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset, or a component thereof, or the end of the lease term. Right-of-use assets are reviewed on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group applies IAS 36 *Impairment of Assets* to determine whether a cash-generating unit with a right-of-use asset is impaired and accounts for any identified impairments through profit or loss. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group also applies IAS 36 *Impairment of Assets* to any cash-generating units, which have right-of-use assets which were previously impaired, to assess whether previous impairments should be reversed. A reversal of a previous impairment charge is accounted for through profit or loss and only increases the carrying amount of the right-of-use asset to a maximum of what it would have been if the original impairment charges had not been recognised in the first place.

The Group applies the fair value model in IAS 40 *Investment Property* to right-of-use assets that meet the definition of investment property.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of fixtures, fittings and equipment that have a lease term of 12 months or less and leases of low-value assets. Assets are considered low value if the value of the asset when new is less than €5,000. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(x) Share-based payments
The grant date fair value of equity-settled share-based payment awards and options granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards and options.

This incorporates the effect of market-based conditions, where applicable, and the estimated fair value of equity-settled share-based payment awards issued with non-market performance conditions.

The amount recognised as an expense is adjusted to reflect the number of awards and options for which the related service and any non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that met the related service and non-market performance conditions at the vesting date. The amount recognised as an expense is not adjusted for market conditions not being met.

On vesting of the equity-settled share-based payment awards and options, the cumulative expense recognised in the share-based payment reserve is transferred directly to retained earnings. An increase in ordinary share capital and share premium, in the case where the price paid per share is higher than the cost per share, is recognised reflecting the issuance of shares as a result of the vesting of the awards and options.

The dilutive effect of outstanding awards is reflected as additional share dilution in calculating diluted earnings per share.

(xi) Tax
Tax charge or credit comprises current and deferred tax. Tax charge or credit is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in other comprehensive income or equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

1 Material accounting policies *(continued)*

(xi) Tax *(continued)*
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes except for the initial recognition of goodwill and other assets and liabilities that do not affect accounting profit or taxable profit at the date of recognition and at the time of the transaction, do not give rise to taxable and deductible temporary differences.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax liabilities are recognised where the carrying value of land and buildings for financial reporting purposes is greater than their tax cost base.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves.

(xii) Earnings per share ('EPS')
Basic earnings per share is calculated based on the profit or loss for the year attributable to owners of the Company and the basic weighted average number of shares outstanding. Diluted earnings per share is calculated based on the profit or loss for the year attributable to owners of the Company and the diluted weighted average number of shares and potential shares outstanding.

Shares are only treated as dilutive if their dilution results in a decreased earnings per share or increased loss per share.

Dilutive effects arise from share-based payments that are settled in shares. Conditional share awards to employees have a dilutive effect when the average share price during the period exceeds the exercise price of the awards and the market or non-market conditions of the awards are met, as if the current period end were the end of the vesting period. When calculating the dilutive effect, the exercise price is adjusted by the value of future services that have yet to be received related to the awards.

(xiii) Property, plant and equipment
Land and buildings are initially stated at cost, including directly attributable transaction costs, (or fair value when acquired through business combinations) and subsequently at fair value.

Assets under construction include sites where new hotels are currently being developed and significant development projects at hotels which are currently operational. These sites and the capital investment made are recorded at cost. Borrowing costs incurred in the construction of major assets or development projects which take a substantial period of time to complete are capitalised in the financial period in which they are incurred. Once construction is complete and the hotel is operating, the assets will be transferred to land and buildings and fixtures, fittings and equipment at cost. The land and buildings element will subsequently be measured at fair value. Depreciation will commence when the assets are available for use.

Fixtures, fittings and equipment are stated at cost, less accumulated depreciation and any impairment provision.

Cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment unless it is acquired as part of a business combination under IFRS 3 *Business Combinations*, where the deemed cost is its acquisition date fair value. In the application of the Group's accounting policy, judgement is exercised by management in the determination of fair value of land and buildings at each reporting date, residual values and useful lives.

1 Material accounting policies *(continued)*

(xiii) Property, plant and equipment *(continued)*

Depreciation is charged through profit or loss on the cost or valuation less residual value on a straight-line basis over the estimated useful lives of the assets which are as follows:

Buildings	50 years
Fixtures, fittings and equipment	3 – 15 years

Land is not depreciated.

Residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

Land and buildings are revalued by qualified valuers on a sufficiently regular basis using open market value (which reflects a highest and best-use basis) so that the carrying value of an asset does not materially differ from its fair value at the reporting date. External revaluations of the Group's land and buildings have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards and IFRS 13 *Fair Value Measuremen*t.

Surpluses on revaluation are recognised in other comprehensive income and accumulated in equity in the revaluation reserve, except to the extent that they reverse impairment losses previously charged to profit or loss, in which case the reversal is recorded in profit or loss. Decreases in value are charged against other comprehensive income and the revaluation reserve to the extent that a previous gain has been recorded there, and thereafter are charged through profit or loss.

Fixtures, fittings and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Assets that do not generate independent cash flows are combined into cash-generating units. If carrying values exceed estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amount. Recoverable amount is the greater of fair value less costs to sell and VIU. VIU is assessed based on estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

The Group also applies IAS 36 *Impairment of Assets* to any cash-generating units, with fixtures, fittings and equipment which were previously impaired and which are not revalued, to assess whether previous impairments should be reversed. A reversal of a previous impairment charge is accounted for through profit or loss and only increases the carrying amount of the fixtures, fittings and equipment to a maximum of what it would have been if the original impairment charges had not been recognised in the first place.

(xiv) Investment property

Investment property is held either to earn rental income, or for capital appreciation, or for both, but not for sale in the ordinary course of business.

Investment property is initially measured at cost, including transaction costs, (or fair value when acquired through business combinations) and subsequently revalued by professional external valuers at their respective fair values. The difference between the fair value of an investment property at the reporting date and its carrying value prior to the external valuation is recognised in profit or loss.

The Group's investment properties are valued by qualified valuers on an open market value basis in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards and IFRS 13 *Fair Value Measurement*.

(xv) Goodwill

Goodwill represents the excess of the fair value of the consideration for an acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is the future economic benefits arising from other assets in a business combination that are not individually identified and separately recognised.

Goodwill is measured at its initial carrying amount less accumulated impairment losses. The carrying amount of goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit').

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

1 Material accounting policies *(continued)*

(xv) Goodwill *(continued)*
The recoverable amount of a cash-generating unit is the greater of its VIU and its fair value less costs to sell. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects a current market assessment of the time value of money and the risks specific to the asset.

An impairment loss is recognised in profit or loss if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the units on a pro-rata basis. Impairment losses of goodwill are not reversed once recognised.

The impairment testing process requires management to make significant judgements and estimates regarding the future cash flows expected to be generated by the cash-generating unit. Management evaluates and updates the judgements and estimates which underpin this process on an ongoing basis.

The impairment methodology and key assumptions used by the Group for testing goodwill for impairment are outlined in notes 12 and 14.

The assumptions and conditions for determining impairment of goodwill reflect management's best estimates and judgements, but these items involve significant inherent uncertainties, many of which are not under the control of management. As a result, accounting for such items could result in different estimates or amounts if management used different assumptions or if different conditions occur in the future.

(xvi) Intangible assets other than goodwill
An intangible asset is only recognised where the item lacks a physical presence, is identifiable, non-monetary, controlled by the Group and expected to provide future economic benefits to the Group.

Intangible assets are measured at cost (or fair value when acquired through business combinations), less accumulated amortisation and impairment losses.

Intangible assets are amortised over the period of their expected useful lives by charging equal annual instalments to profit or loss. The useful life used to amortise intangible assets relates to the future performance of the asset and management's judgement as to the period over which economic benefits will be derived from the asset. The estimated total useful life of the Group's intangible assets is 5 years.

(xvii) Inventories
Inventories are stated at the lower of cost (using the first-in, first-out (FIFO) basis) and net realisable value. Inventories represent assets that are sold in the normal course of business by the Group and consumables.

(xviii) Contract fulfilment costs
Contract fulfilment costs are stated at the lower of cost or recoverable amount. Contract fulfilment costs represent assets that are to be sold by the Group but do not form part of the primary trading activities. Costs capitalised as contract fulfilment costs include costs incurred in fulfilling the specific contract. The costs must enhance the asset, be used in order to satisfy the obligations inherent in the contractual arrangement and should be recoverable. Costs which are not recoverable are written off to profit or loss as incurred. Contract fulfilment costs are released to profit or loss on completion of the sale to which the contract relates.

(xix) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less, which are carried at amortised cost.

(xx) Trade and other receivables
Trade and other receivables are stated initially at their fair value and subsequently at amortised cost, less any expected credit loss provision. The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Bad debts are written off to profit or loss on identification.

1 Material accounting policies *(continued)*

(xxi) Trade and other payables
Trade and other payables are initially recorded at fair value, which is usually the original invoiced amount. Fair value for the initial recognition of payroll tax liabilities is the amount payable stated on the payroll submission filed with the tax authorities. Fair value for the initial recognition of VAT liabilities is the net amount of VAT payable to, and recoverable from, the tax authorities. Trade and other payables are subsequently carried at amortised cost using the effective interest method. Liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

(xxii) Finance costs
Finance costs comprise interest expense on borrowings and related financial instruments, commitment fees and other costs relating to financing of the Group.

Interest expense on loans and borrowings is recognised using the effective interest method. The effective interest rate of a financial liability is calculated on initial recognition of a financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

If a financial liability is deemed to be non-substantially modified (less than 10 percent different) (see policy (xxvii)), the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting modification gain or loss is recognised in finance costs in profit or loss. For floating-rate financial liabilities, the original effective interest rate is adjusted to reflect the current market terms at the time of the modification.

Finance costs incurred for qualifying assets, which take a substantial period of time to construct, are added to the cost of the asset during the period of time required to complete and prepare the asset for its intended use or sale. The Group uses two capitalisation rates being the weighted average interest rate after the impact of hedging instruments for Sterling borrowings which is applied to UK qualifying assets and the weighted average interest rate for Euro borrowings which is applied to Republic of Ireland qualifying assets. Capitalisation commences on the date on which the Group undertakes activities that are necessary to prepare the asset for its intended use. Capitalisation of borrowing costs ceases when the asset is ready for its intended use.

Finance costs also include interest on lease liabilities.

(xxiii) Foreign currency
Transactions in currencies other than the functional currency of a Group entity are recorded at the rate of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the respective functional currency at the relevant rates of exchange ruling at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss.

The assets and liabilities of foreign operations are translated into Euro at the exchange rate ruling at the reporting date. The income and expenses of foreign operations are translated into Euro at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences arising on the translation of foreign operations are recognised in other comprehensive income and are included in the translation reserve within equity.

(xxiv) Provisions and contingent liabilities
A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The provision in respect of self-insured risks includes projected settlements for known claims and incurred but not reported claims.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

(xxv) Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity, net of any tax effects. Merger relief is availed of by the Group where possible.

1 Material accounting policies *(continued)*

(xxvi) Loans and borrowings
Loans and borrowings are recognised initially at the fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest rate basis. Directly attributable transaction costs are amortised to profit or loss on an effective interest rate basis over the term of the loans and borrowings. This amortisation charge is recognised within finance costs. Commitment fees incurred in connection with loans and borrowings are expensed as incurred to profit or loss.

(xxvii) Derecognition of financial liabilities
The Group removes a financial liability from its statement of financial position when it is extinguished (when its contractual obligations are discharged, cancelled, or expire).

The Group also derecognises a financial liability when the terms and the cash flows of a modified liability are substantially different. The terms are substantially different if the discounted present value of the cash flows under the new terms, discounted using the original effective interest rate, including any fees paid to lenders net of any fees received, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability, discounted at the original effective interest rate, (the ‘10% test’). In addition, a qualitative assessment is carried out of the new terms in the new facility agreement to determine whether there is a substantial modification.

If the financial liability is deemed substantially modified, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss.

If the financial liability is deemed non-substantially modified, the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting modification gain or loss is recognised in profit or loss. Any costs and fees directly attributable to the modified financial liability are recognised as an adjustment to the carrying amount of the modified financial liability and amortised over its remaining term by re-computing the effective interest rate on the instrument.

(xxviii) Derivative financial instruments
The Group’s borrowings expose it to the financial risks of changes in interest rates. The Group uses derivative financial instruments such as interest rate swap agreements to hedge these exposures.

Interest rate swaps convert part of the Group’s Sterling denominated borrowings from floating to fixed interest rates. The Group does not use derivatives for trading or speculative purposes.

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

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

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

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

(xxix) Cash flow hedge accounting
Cash flow hedge accounting is applied in accordance with IFRS 9 *Financial Instruments*. For those derivatives designated as cash flow hedges and for which hedge accounting is desired, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and its risk management objectives and strategy for undertaking the hedging transaction. The Group also documents its assessment, both at hedge inception and on a semi-annual basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

1 Material accounting policies *(continued)*

(xxix) Cash flow hedge accounting *(continued)*
Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated in equity in the hedging reserve. Any ineffective portion is recognised immediately in profit or loss as finance income or costs. The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

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

(xxx) Net investment hedges
Where relevant, the Group uses a net investment hedge, whereby the foreign currency exposure arising from a net investment in a foreign operation is hedged using borrowings held by a Group entity that is denominated in the functional currency of the foreign operation.

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

(xxxi) Adjusting items
Consistent with how business performance is measured and managed internally, the Group reports both statutory measures prepared under IFRS and certain alternative performance measures (‘APMs’) that are not required under IFRS. These APMs are sometimes referred to as ‘non-GAAP’ measures and include, amongst others, Adjusted EBITDA, Free Cashflow per Share, and Adjusted EPS.

The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with the financial information presented under IFRS, provides stakeholders with a meaningful understanding of the underlying financial and operating performance of the Group.

Adjusted measures of profitability represent the equivalent IFRS measures adjusted to show the underlying operating performance of the Group and exclude items which are not reflective of normal trading activities or distort comparability either year on year or with other similar businesses.

2 Prior period restatements

Restatement of the Consolidated Statement of Profit or Loss and Other Comprehensive Income

During 2022, the Group completed the sale to Irish Residential Properties REIT (plc) ('I-RES') of the Merrion Road residential units which had been developed by the Group on the site of the former Tara Towers Hotel. Proceeds from the sale of these units were presented as revenue in the Consolidated Financial Statements for the year ended 31 December 2022. The related costs were presented as cost of sales.

The Financial Reporting Supervision Unit of IAASA subsequently reviewed the presentation and, in their judgement, determined that, whilst inextricably linked to the normal activity of hotel development, the residential unit development was not part of the Group's ordinary activities and therefore should not be presented as Revenue as defined by IFRS 15 *Revenue Recognition*.

As there is no IFRS that covers this specific type of transaction (i.e. the transaction to build and sell residential units to a third party where they had been developed in conjunction with a hotel for own use) the Group had looked to the hierarchy in IAS 8.11 to select the most relevant and reliable accounting policy. IFRS 15 would be the standard typically used for the sale of inventories, therefore the Group determined that IFRS 15 would be the most appropriate standard to be used, by analogy, for the forward sale of the residential units and the ultimate completion of that sale.

The comparative figures as presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income have been amended for the following presentation corrections.

	2022 €'000 Restated
Decrease in revenue	(42,532)
Increase in income from residential development activities	42,532
Decrease in cost of sales	40,998
Increase in cost of residential development activities	(40,998)
Total impact on profit before tax	**-**

As this is a correction to the presentation of the above items within the Consolidated Statement of Profit or Loss and Other Comprehensive Income only, there are no corrections required to basic or diluted earnings per share nor are there any corrections to the Consolidated Statement of Financial Position at the beginning of the current or prior year.

Restatement of the deferred tax note

Amendments to IAS 12, effective for reporting periods beginning on or after 1 January 2023, clarify that the initial recognition exemption of deferred tax assets and liabilities does not apply to transactions that give rise to equal and offsetting temporary differences. The IAS 12 amendments require separate presentation of deferred tax assets and liabilities arising on right-of-use assets and corresponding lease liabilities recognised under IFRS 16, in the deferred tax note, with retroactive effect from 1 January 2022. These are offset on an individual entity basis and presented net in the statement of financial position.

The comparative gross deferred tax assets and deferred tax liabilities for 2022 have been restated in the deferred tax note in accordance with these amendments. The changes to the deferred tax liabilities and deferred tax assets offset such that the net impact on the face of the Consolidated Statement of Financial Position at 31 December 2022 and the net impact on retained earnings was nil (note 26).

	2022 €'000 Restated
Increase in deferred tax assets	36,235
Increase in deferred tax liabilities	(36,235)
Total net impact on deferred tax note	**-**

3 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.

In the 2022 financial statements, the results of Clayton Hotel Düsseldorf were disclosed as part of the Dublin segment due to their immateriality in the context of group results (less than 3% of total segmental revenue). Due to additions to the Group's Continental Europe portfolio in 2023, the Continental Europe segment is now to be presented separately below. The 2022 results of Clayton Hotel Düsseldorf have been reflected in the Continental Europe segment below to improve comparability.

The Group segments its leased and owned business by geographical region within which the hotels operate being Dublin, Regional Ireland, the UK and Continental Europe. These comprise the Group's four reportable segments.

Dublin, Regional Ireland, the UK and Continental Europe segments

These segments are concerned with hotels that are either owned or leased by the Group. As at 31 December 2023, the Group owns 28 hotels (31 December 2022: 27 hotels) and has effective ownership of two further hotels which it operates (31 December 2022: one hotel). It also owns the majority of one further hotel it operates (31 December 2022: one hotel). The Group also leases 19 hotel buildings from property owners (31 December 2022: 18 hotels) and is entitled to the benefits and carries the risks associated with operating these hotels.

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

	2023 €'000	2022 €'000 Restated
Revenue		
Dublin	**286,130**	250,586
Regional Ireland	**112,317**	99,752
UK	**186,292**	152,481
Continental Europe	**22,959**	12,909
Total revenue	**607,698**	515,728

Segmental 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 the Group's four reportable segments.

The year ended 31 December 2023 saw the Group trade strongly and continue the execution of its growth strategy. The strong trade, the full year impact of hotels added during 2022 and the addition of three hotels during 2023 has led to an increase in Group revenue from hotel operations from €515.7 million to €607.7 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3 Operating segments *(continued)*

	2023 €'000	2022 €'000 Restated
Segmental results - EBITDAR		
Dublin	**135,883**	118,505
Regional Ireland	**37,018**	31,689
UK	**71,658**	53,574
Continental Europe	**7,707**	1,955
EBITDAR for reportable segments	**252,266**	205,723
Segmental results – EBITDA		
Dublin	**133,750**	116,485
Regional Ireland	**36,889**	31,576
UK	**71,082**	52,955
Continental Europe	**6,915**	892
EBITDA for reportable segments	**248,636**	201,908
Reconciliation to results for the year		
Segmental results – EBITDA	**248,636**	201,908
Other income (excluding gain on disposal of property, plant and equipment)	**1,484**	1,360
Central costs	**(21,102)**	(16,509)
Share-based payments expense	**(5,910)**	(3,329)
Adjusted EBITDA	**223,108**	183,430
Adjusting items		
Reversal of previous periods revaluation losses through profit or loss	**2,025**	21,166
Net reversal of previous impairment charges of right-of-use assets	**-**	4,101
Net reversal of previous impairment charges of fixtures, fittings and equipment	**-**	624
Income from sale of Merrion Road residential units	**-**	42,532
Release of costs capitalised for Merrion Road residential units	**-**	(40,998)
Gain on disposal of property, plant and equipment	**-**	3,877
Hotel pre-opening expenses	**(497)**	(2,666)
Acquisition-related costs	**(4,389)**	-
Group EBITDA	**220,247**	212,066

3 Operating segments *(continued)*

	2023 €'000	2022 €'000 Restated
Depreciation of property, plant and equipment	**(32,791)**	(28,426)
Depreciation of right-of-use assets	**(30,663)**	(27,503)
Amortisation of intangible assets	**(650)**	(610)
Interest on lease liabilities	**(42,751)**	(38,101)
Other interest and finance costs	**(7,860)**	(7,769)
Profit before tax	**105,532**	109,657
Tax charge	**(15,310)**	(12,932)
Profit for the year attributable to owners of the Company	**90,222**	96,725

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 year on year or with other similar businesses. Consequently, Adjusted EBITDA represents Group EBITDA before:

- Net property revaluation movements through profit or loss (note 5);
- Net reversal of previous impairment charges of right-of-use assets (note 16);
- Net reversal of previous impairment charges of fixtures, fittings, and equipment (note 15);
- Income from sale of Merrion Road residential units (note 17);
- Release of costs capitalised for Merrion Road residential units (note 17);
- Gain on disposal of property, plant and equipment (note 6, 15);
- 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 (note 5); and
- Acquisition-related costs (note 5).

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. Also included in central costs is the unwinding of the discount on insurance provisions of €0.3 million (2022: €0.7 million) and the reversal of prior period insurance provisions of €0.9 million (2022: €Nil) (note 23). Share-based payments expense is presented separately from central costs as this expense relates to employees across the Group (note 9).

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

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

Disaggregated revenue information

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

- Room revenue which relates to the rental of rooms in each hotel. Revenue is recognised when the hotel room is occupied, and the service is provided;
- Food and beverage revenue which relates to sales of food and beverages at the hotel property. 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.

3 Operating segments *(continued)*

Revenue review by segment – Dublin	2023 €'000	2022 €'000 Restated
Room revenue	**216,948**	190,056
Food and beverage revenue	**51,263**	45,304
Other revenue	**17,919**	15,226
Total revenue	**286,130**	250,586

Revenue review by segment – Regional Ireland	2023 €'000	2022 €'000
Room revenue	**73,218**	63,784
Food and beverage revenue	**30,336**	28,107
Other revenue	**8,763**	7,861
Total revenue	**112,317**	99,752

Revenue review by segment – UK	2023 €'000	2022 €'000
Room revenue	**146,584**	118,157
Food and beverage revenue	**30,491**	26,167
Other revenue	**9,217**	8,157
Total revenue	**186,292**	152,481

Revenue review by segment – Continental Europe	2023 €'000	2022 €'000 Restated
Room revenue	**16,353**	9,820
Food and beverage revenue	**4,935**	2,395
Other revenue	**1,671**	694
Total revenue	**22,959**	12,909

3 Operating segments *(continued)*

Other geographical information

	2023				2022			
	Republic of Ireland	UK	Continental Europe	Total	Republic of Ireland	UK	Continental Europe	Total
	€'000	€'000	€'000	€'000	€'000 Restated	€'000	€'000 Restated	€'000 Restated
Revenue								
Owned hotels	**276,188**	**92,682**	**-**	**368,870**	241,972	81,400	-	323,372
Leased hotels	**122,259**	**93,610**	**22,959**	**238,828**	108,366	71,081	12,909	192,356
Total revenue	**398,447**	**186,292**	**22,959**	**607,698**	350,338	152,481	12,909	515,728

	Republic of Ireland	UK	Continental Europe	Total	Republic of Ireland	UK	Continental Europe	Total
	€'000	€'000	€'000	€'000	€'000 Restated	€'000	€'000 Restated	€'000 Restated
EBITDAR								
Owned hotels	**118,632**	**37,284**	**-**	**155,916**	102,398	31,409	-	133,807
Leased hotels	**54,269**	**34,374**	**7,707**	**96,350**	47,796	22,165	1,955	71,916
Total EBITDAR	**172,901**	**71,658**	**7,707**	**252,266**	150,194	53,574	1,955	205,723

	Republic of Ireland	UK	Continental Europe	Total	Republic of Ireland	UK	Continental Europe	Total
	€'000	€'000	€'000	€'000	€'000 Restated	€'000	€'000 Restated	€'000 Restated
Other information								
Variable lease costs	**2,262**	**576**	**792**	**3,630**	2,133	619	1,063	3,815
Depreciation of property, plant and equipment	**20,500**	**11,732**	**559**	**32,791**	18,753	9,643	30	28,426
Depreciation of right-of-use assets	**16,036**	**11,225**	**3,402**	**30,663**	15,108	10,017	2,378	27,503
Interest on lease liabilities	**17,797**	**21,048**	**3,906**	**42,751**	17,194	18,134	2,773	38,101

3 Operating segments *(continued)*

Assets and liabilities

	2023				2022			
	Republic of Ireland	UK	Continental Europe	Total	Republic of Ireland	UK	Continental Europe	Total
	€'000	€'000	€'000	€'000	€'000 Restated	€'000	€'000 Restated	€'000 Restated
Assets								
Intangible assets and goodwill	**18,826**	**11,823**	**23,425**	**54,074**	19,469	11,585	-	31,054
Property, plant and equipment	**1,100,355**	**577,936**	**6,540**	**1,684,831**	1,035,055	391,959	433	1,427,447
Right-of-use assets	**296,774**	**306,381**	**82,038**	**685,193**	307,832	305,865	44,404	658,101
Investment property	**1,625**	**396**	**-**	**2,021**	1,575	432	-	2,007
Other non-current receivables	**3,287**	**3,131**	**-**	**6,418**	3,103	284	-	3,387
Other current assets	**35,033**	**23,388**	**6,415**	**64,836**	76,180	45,823	1,922	123,925
Total assets excluding derivatives and deferred tax assets	**1,455,900**	**923,055**	**118,418**	**2,497,373**	1,443,214	755,948	46,759	2,245,921
Derivative assets				**6,521**				11,717
Deferred tax assets				**24,136**				21,271
Total assets				**2,528,030**	-			2,278,909

3 Operating segments *(continued)*

Assets and liabilities

	2023				2022			
	Republic of Ireland	UK	Continental Europe	Total	Republic of Ireland	UK	Continental Europe	Total
	€'000	€'000	€'000	€'000	€'000 Restated	€'000	€'000 Restated	€'000 Restated
Liabilities								
Loans and borrowings	**4,000**	**250,387**	**-**	**254,387**	-	193,488	-	193,488
Lease liabilities	**300,157**	**310,697**	**87,744**	**698,598**	303,968	300,336	47,487	651,791
Trade and other payables	**55,063**	**24,985**	**6,349**	**86,397**	93,667	22,093	3,297	119,057
Total liabilities excluding provision for liabilities and tax liabilities	**359,220**	**586,069**	**94,093**	**1,039,382**	397,635	515,917	50,784	964,336
Provision for liabilities				**8,611**				9,179
Current tax liabilities				**2,659**				11,606
Deferred tax liabilities				**84,441**				71,022
Total liabilities				**1,135,093**				1,056,143
Revaluation reserve	**386,450**	**74,731**	**-**	**461,181**	328,896	50,638	-	379,534

The above information on assets, liabilities and revaluation reserve is presented by region as it does not form part of the segmental information routinely reviewed by the chief operating decision makers.

Loans and borrowings are categorised according to their underlying currency. The amortised cost of loans and borrowings was €254.4 million at 31 December 2023 (31 December 2022: €193.5 million). Drawn loans and borrowings consist of Euro Revolving Credit Facility ("RCF") borrowings of €4.0 million (2022: €Nil) and Sterling denominated borrowings of £221.4 million (€254.7 million) which are classified as liabilities in the UK (31 December 2022: £176.5 million (€199.0 million)). All of the Sterling borrowings act as a net investment hedge as at 31 December 2023 (31 December 2022: £176.5 million (€199.0 million)) (note 24).

4 Statutory and other information

	2023 €'000	2022 €'000
Depreciation of property, plant and equipment	**32,791**	28,426
Depreciation of right-of-use assets	**30,663**	27,503
Variable lease costs: land and buildings	**3,630**	3,815
Hotel pre-opening expenses	**497**	2,666

Hotel pre-opening expenses relate to costs incurred by the Group in advance of opening new hotels. In 2023, this related to Maldron Hotel Finsbury Park, London, a new hotel that opened during 2023. In 2022, this related to seven hotels, that opened throughout 2022. These costs primarily relate to payroll expenses, sales and marketing costs and training costs of new staff.

Variable lease costs relate to lease payments linked to performance which are excluded from the measurement of lease liabilities as they are not related to an index or rate or are not considered fixed payments in substance.

Auditor's remuneration

	2023 €'000	2022 €'000
Audit of Group, Company and subsidiary financial statements	**470**	395
Other assurance services	**32**	32
Other non-audit services	**37**	-
Tax services	**-**	35
	539	462

Auditor's remuneration for the audit of the Company financial statements was €20,000 (2022: €15,000). Other assurance services primarily relate to the review of the interim condensed consolidated financial statements.

Directors' remuneration

	2023 €'000	2022 €'000
Salary and other emoluments	**3,575**	2,242
Gains on vesting of awards granted under the 2020 LTIP	**230**	-
Fees	**496**	511
Pension costs – defined contribution	**72**	66
Transactions with past directors	**225**	131
Good leaver vesting of shares granted under Share Scheme 2020 for former directors	**-**	15
	4,598	2,965

Transactions with past directors in 2023 relate to gains associated with the shares issued on vesting of awards under the 2020 LTIP. This gain represents the difference between the quoted share price per ordinary share and the exercise price on the vesting date (note 9).

Retired director Stephen McNally received payment in lieu of annual leave upon cessation of employment on 28 February 2022, this sum is included in payments of €0.1 million to past directors reported in 2022.

4 Statutory and other information *(continued)*

Good leaver vesting of shares granted under Share Scheme 2020 for former directors in 2022 relates to 6,359 shares issued to two former directors. The weighted average share price at the date of exercise for the options exercised was €2.28

Details of the directors' remuneration, interests in conditional share awards and compensation of former directors are set out in the Remuneration Committee report.

5 Administrative expenses

	2023 €'000	2022 €'000
Other administrative expenses	**126,155**	102,408
Depreciation and amortisation (note 14,15,16)	**64,104**	56,539
Commercial rates	**14,924**	12,013
Utilities – electricity and gas	**27,783**	31,656
Reversal of previous periods revaluation losses through the profit or loss (note 15)	**(2,025)**	(21,166)
Net reversal of previous impairment charges (note 15,16)	**-**	(4,725)
Variable lease costs (note 16)	**3,630**	3,815
Acquisition-related costs	**4,389**	-
Hotel pre-opening expenses	**497**	2,666
Reversal of prior period insurance provisions (note 23)	**(927)**	-
	238,530	183,206

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

Commercial rates for the year ended 31 December 2023 are €14.9 million, net of a waiver of €0.3 million. As a result of the impact of Covid-19, commercial rates for the year ended 31 December 2022 of €12.0 million were net of a waiver of €3.0 million (note 10).

Net property revaluation movements through profit or loss relate to the net reversal of revaluation losses of €2.0 million through profit or loss (note 15).

6 Other income

	2023 €'000	2022 €'000
Gain on disposal of property, plant and equipment	**-**	3,877
Income from managed hotels	**1,099**	968
Rental income from investment property	**385**	392
	1,484	5,237

On 21 June 2022, the Group completed the sale of Clayton Crown Hotel, London, for net proceeds of £20.7 million (€24.1 million). As a result, the hotel property and related fixtures, fittings and equipment of £17.4 million (€20.2 million) were derecognised from the statement of financial position. A gain on disposal of £3.3 million (€3.9 million) was recognised in profit or loss for the year ended 31 December 2022 (note 15).

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.

6 Other income *(continued)*

Rental income from investment property relates to the following properties:

- Two commercial properties which are leased to third parties for lease terms of 25 and 30 years;
- A sub-lease of part of Clayton Hotel Cardiff, which is leased to a third party for a lease term of 20 years, with 9 years remaining at 31 December 2023; and
- A sub-lease of part of Clayton Hotel Düsseldorf, which is leased to a third party for a rolling lease term.

The fair value of the investment properties at 31 December 2023 is €2.0 million (2022: €2.0 million).

7 Finance costs

	2023 €'000	2022 €'000
Interest on lease liabilities (note 16)	**42,751**	38,101
Interest expense on bank loans and borrowings	**15,665**	7,937
Cash flow hedges – reclassified from other comprehensive income	**(6,949)**	(179)
Other finance costs	**1,332**	2,351
Net foreign exchange (gain)/loss on financing activities	**(180)**	168
Interest capitalised to property, plant and equipment (note 15)	**(2,008)**	(2,151)
Interest capitalised to contract fulfilment costs (note 17)	**-**	(357)
	50,611	45,870

The Group uses interest rate swaps to convert the interest rate on part of its debt from floating rate to fixed rate (note 25). The cash flow hedge amount reclassified from other comprehensive income is shown separately within finance costs and primarily represents the additional interest received or paid by the Group as a result of the interest rate swaps. As at 31 December 2023, the Group has recognised derivative assets, in relation to these interest rate swaps, of €6.5 million (31 December 2022: €11.7 million). The derivative assets are due to the Group's fixed interest rates being forecast to be lower than the variable interest rates forward curve applicable on sterling borrowings. Margins on the Group's borrowings are set with reference to the Net Debt to EBITDA covenant levels and ratchet up or down accordingly.

Other finance costs include commitment fees and other banking and professional fees. Net foreign exchange gains or losses on financing activities relate principally to loans which did not form part of the net investment hedge (note 25).

Interest on loans and borrowings amounting to €2.0 million was capitalised to assets under construction on the basis that these costs were directly attributable to the construction of qualifying assets (note 15) (2022: €2.2 million). There was no interest on loans and borrowings capitalised for contract fulfilment costs in 2023 (2022: €0.4 million) (Note 17). The capitalisation rates applied by the Group, which were reflective of the weighted average interest cost in respect of Euro denominated borrowings and Sterling denominated borrowings for the relevant capitalisation period, were 4.2% (2022: 2.5%) and 3.2% (2022: 3.6%) respectively.

8 Personnel expenses

The average number of persons (full-time equivalents) employed by the Group (including Executive Directors), analysed by category, was as follows:

	2023	2022
Administration	**886**	707
Other	**3,110**	2,694
	3,996	3,401

Full-time equivalents split by geographical region was as follows:

	2023	2022
Dublin (including the Group's central functions)	**1,854**	1,653
Regional Ireland	**978**	910
UK	**1,013**	808
Continental Europe	**151**	30
	3,996	3,401

The aggregate payroll costs of these persons were as follows:

	2023	2022
	€'000	€'000
Wages and salaries	**140,674**	120,895
Social welfare costs	**14,187**	11,788
Pension costs – defined contribution	**1,702**	1,799
Share-based payments expense	**5,910**	3,329
Severance costs	**-**	97
	162,473	137,908

Payroll costs of €0.5 million (2022: €0.4 million) relating to the Group's internal development employees were capitalised as these costs are directly related to development, lease and other construction work completed during the year ended 31 December 2023.

There were no wage subsidies received by the Group from the Irish and UK governments during the year ended 31 December 2023. During the year ended 31 December 2022, the Group availed of wage subsidies of €10.5 million from the Irish government (note 10).

9 Share-based payments expense

The total share-based payments expense for the Group's employee share schemes charged to profit or loss during the year was €5.9 million (2022: €3.3 million), analysed as follows:

	2023	2022
	€'000	€'000
Long Term Incentive Plans	**5,580**	3,242
Share Save schemes	**330**	87
	5,910	3,329

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

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

Threshold performance for the TSR condition, which is a market-based condition, is a performance measure against a bespoke comparator group of 21 listed peer companies in the travel and leisure sector, with threshold 25% vesting if the Group's TSR over the performance period is ranked at the median compared to the TSR of the comparator group. If the Group's TSR performance is at or above the upper quartile compared to the comparator group, the remaining 75% of the award will vest, with pro-rata vesting on a straight-line basis for performance in between these thresholds.

Threshold performance (25% vesting) for the FCPS condition, which is a non-market-based performance condition, is based on the achievement of FCPS of €0.498, as disclosed in the Group's 2025 audited consolidated financial statements, with 100% vesting for FCPS of €0.608 or greater. The FCPS based 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.

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

9 Share-based payments expense *(continued)*

Movements in the number of share awards are as follows:

	2023 Awards	2022 Awards
Outstanding at the beginning of the year	**4,837,170**	4,344,481
Granted during the year	**1,574,799**	1,443,764
Forfeited during the year	**(52,901)**	(128,294)
Lapsed unvested during the year	**(1,733,533)**	(822,781)
Exercised during the year	**(535,634)**	-
Outstanding at the end of the year	**4,089,901**	4,837,170

	2023 Awards	2022 Awards
Grant date		
March 2020	**-**	2,022,523
March 2021	**1,099,661**	1,115,183
December 2021	**-**	255,700
March 2022	**1,427,175**	1,443,764
March 2023	**1,540,346**	-
May 2023	**22,719**	-
Outstanding at the end of the year	**4,089,901**	4,837,170

Awards vested

During the year ended 31 December 2023, the Company issued 281,734 ordinary shares on foot of the vesting of awards granted in March 2020 under the terms of the 2017 LTIP. In order to ensure a like-for-like assessment with the basis on which the targets were set at the start of 2020, the Company assessed EPS performance a) excluding the number of shares issued as part of the placing in September 2020 and b) including the impact of the interest charge that would have accrued if the placing was excluded. Adjusted EPS performance was accordingly determined to be €0.458, resulting in a vesting outcome of 37.27% for the portion of the award based on adjusted performance (i.e. 18.64% of the overall award). This resulted in an additional charge of €0.9 million recognised in the year ended 31 December 2023.

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

The Company judged that it would be appropriate to exercise its discretion to reduce the level of vesting by 25% from 18.64% to 14%. This has been accounted for as a modification under IFRS 2 *Share-based Payment*. As a result, no adjustment has been made to the calculation of the share-based payment charge in relation to this reduced level of vesting and the Group continued to recognise the full cost of the related share-based payment charge in profit or loss.

In total, 281,734 ordinary shares were issued in relation to the vesting of the March 2020 awards. The weighted average share price at the date of exercise of these awards was €4.22.

During the year ended 31 December 2023, the Company issued 253,900 ordinary shares on foot of the vesting of awards granted in December 2021. This award was conditional on relevant employees being in employment at 31 March 2023. The weighted average share price at the date of exercise for these awards was €4.54.

9 Share-based payments expense *(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 of awards at the grant date were as follows:

	March 2023	March 2022	March 2021
Fair value at grant date for TSR-based awards	**€2.93**	€2.60	€2.40
Fair value at grant date for FCPS-based awards	**€4.29**	€3.89	€3.83
Share price at grant date	**€4.30**	€3.90	€3.84
Exercise price	**€0.01**	€0.01	€0.01
Expected volatility for TSR-based awards	**54.83% p.a.**	53.0% p.a.	52.01% p.a.
Performance period	**3 years**	3 years	3 years
Risk-free rate	**2.78%**	(0.31%)	(0.76%)

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.

All active awards include FCPS-related performance conditions which are non-market-based performance conditions that 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 FCPS-related performance condition, where applicable, and this, together with the fair value of the award at grant date, determines the accounting charge to be spread over the vesting period. The estimate of the number of shares which are expected to vest over the vesting period of the award is reviewed in each reporting period and the accounting charge is adjusted accordingly.

Share Save schemes

The Remuneration Committee of the Board of Directors approved the granting of share options under the UK and Ireland Share Save schemes (the 'Schemes') for all eligible employees across the Group from 2016 to 2022. Each Scheme is for three years and employees may choose to purchase shares over the six month period following the end of the three year period at the fixed discounted price set at the start of the three year period. The share price for the Schemes has been set at a 25% discount for Republic of Ireland based employees and 20% for UK based employees in line with the maximum amount permitted under tax legislation in both jurisdictions.

During the year ended 31 December 2023, 47,488 ordinary shares were issued on maturity of the share options granted as part of the Share Save scheme in 2019. The weighted average exercise price at the date of exercise for options exercised during the year ended 31 December 2023 was €3.57.

Movements in the number of share options and the related weighted average exercise price ('WAEP') are as follows:

	2023		2022	
	Options	WAEP € per share	Options	WAEP € per share
Outstanding at the beginning of the year	**1,695,307**	**2.53**	1,859,309	2.59
Granted during the year	**-**	**-**	253,795	2.68
Forfeited during the year	**(167,520)**	**2.78**	(411,438)	2.71
Exercised during the year	**(47,488)**	**3.46**	(6,359)	2.28
Outstanding at the end of the year	**1,480,299**	**2.39**	1,695,307	2.53

9 Share-based payments expense *(continued)*

The weighted average remaining contractual life for the share options outstanding at 31 December 2023 is 0.8 years (31 December 2022: 1.8 years).

10 Government grants and government assistance

Government grants
During the year ended 31 December 2023, the Group availed of the Temporary Business Energy Support Scheme (TBESS) for energy costs in the Republic of Ireland. These grants, which totalled €0.7 million, have been offset against the related costs in administrative expenses in profit or loss (2022: €1.2 million).

During the year ended 31 December 2022, the Group availed of payroll-related grants for EWSS (Employment Wage Subsidy Scheme) of €10.5 million and other grant schemes related to income (including the Covid Restrictions Support Schemes and the Failte Ireland Tourism Accommodation Providers Continuity Scheme) totalling €2.9 million. No such grants were available in 2023.

Government assistance
In the UK, the Group benefitted from a commercial rates waiver of £0.2 million (€0.3 million) for the year ended 31 December 2023 (2022: £1.0 million (€1.2 million)). Additionally, under the Energy Business Relief Scheme, the Group benefitted from discounted energy prices of £0.2 million (€0.2 million) for the year ended 31 December 2023 (2022: £0.7 million (€0.8 million)).

The Group did not avail of any commercial rates waiver in Ireland during the year ended 31 December 2023 (2022: €1.8 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 €23.2 million were deferred as at 31 December 2022. These liabilities were paid in full during the year ended 31 December 2023.

11 Tax charge

	2023 €'000	2022 €'000
Current tax		
Irish corporation tax charge	**15,377**	11,654
Irish corporation tax – losses incurred in 2020 carried back to 2019	**-**	(1,457)
Foreign corporation tax charge	**33**	7
Over provision in respect of prior years	**(560)**	(136)
	14,850	10,068
Deferred tax charge (note 26)	**460**	2,864
	15,310	12,932

11 Tax charge *(continued)*

The tax assessed for the year differs from the standard rate of corporation tax in Ireland for the year. The differences are explained below.

	2023 €'000	2022 €'000
Profit before tax	**105,532**	109,657
Tax on profit at standard Irish corporation tax rate of 12.5%	**13,192**	13,707
Effects of:		
Income taxed at a higher rate	**1,131**	-
Expenses not deductible for tax purposes	**1,556**	606
Impact of revaluation gains not subject to tax	**(108)**	(2,054)
Foreign losses taxed at higher rate	**(1,137)**	(262)
Over provision in respect of current tax in prior periods	**(560)**	(136)
Over provision in respect of deferred tax in prior periods	**(893)**	(548)
Impact of differing rates between current tax and deferred tax	**991**	465
Foreign tax losses not recognised as deferred tax assets	**-**	442
Gain on disposal not subject to tax	**-**	(485)
Other differences	**1,138**	1,197
	15,310	12,932

The Group has recognised a tax charge of €15.3 million for the year ended 31 December 2023 (2022: €12.9 million). The tax charge primarily relates to current tax in respect of profits earned in Ireland during the year of €15.4 million (2022: €11.7 million).

The deferred tax charge for the year ended 31 December 2023 of €0.5 million (2022: €2.9 million) primarily relates to deferred tax arising on revaluations of land and buildings through profit and loss. The 2022 deferred tax charge primarily related to the reversal of impairments of the fair value of land and buildings and the carry back of losses incurred in 2020, in respect of which a deferred tax asset had previously been recognised at 31 December 2021, against prior periods, generating cash refunds.

During the year ended 31 December 2021, the UK government substantively enacted an increase in the corporation tax rate from 19% to 25%, with effect from 1 April 2023. The UK deferred tax assets and liabilities which were forecasted to reverse after 1 April 2023 were remeasured at the 25% corporation tax rate during 2021. As the 25% corporation tax rate came into effect during the year ended 31 December 2023, all UK deferred tax assets and liabilities are recognised at the 25% tax rate as at 31 December 2023.

12 Impairment

At 31 December 2023, as a result of the carrying amount of the net assets of the Group being more than its market capitalisation, the Group tested each cash generating unit ('CGU') for impairment as this was deemed to be a potential impairment indicator. 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.

At 31 December 2023, the market capitalisation of the Group (€1,032 million) was lower than the net assets of the Group (€1,393 million) (market capitalisation is calculated by multiplying the share price on that date by the number of shares in issue). Market capitalisation can be influenced by a number of different market factors and uncertainties. In addition, share prices reflect a discount due to lack of control rights. The Group as a whole is not considered to be a CGU for the purposes of impairment testing and instead each hotel operating unit is considered as a CGU as it is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

At 31 December 2023, the recoverable amounts of the Group's CGUs were based on VIU, determined by discounting the estimated future cash flows generated from the continuing use of these hotels. VIU cash flow projections are prepared for each CGU and then compared against the carrying value of the assets, including goodwill, properties, fixtures, fittings and equipment and right-of-use assets, in that CGU. The Group has not yet committed to a decarbonisation pathway and therefore the impact on cashflows of any possible commitment is not included.

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 15). For CGUs with right-of-use assets, the lease term was used;
- Revenue and EBITDA for 2024 and future years are based on management's best estimate projections as at 31 December 2023. Forecasted revenue and EBITDA are based on expectations of future outcomes taking into account the macro-environment, current earnings, past experience and adjusted for anticipated revenue and cost growth;
- Cash flow projections assume a long-term compound annual growth rate post 2028 of 2% (2022: 2%) in EBITDA for CGUs in the Republic of Ireland, 2% in the UK (2022: 2.5%) and 2% in Continental Europe (2022: 2%);
- 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 ten) capitalisation rates consistent with those used by the external property valuers which incorporates a long-term growth rate of 2% (2022: 2%) for Irish and 2% (2022: 2.5%) for UK properties;
- The cash flows are discounted using a risk adjusted discount rate specific to each property. Risk adjusted discount rates of 8.5% to 11.35% for Dublin assets (31 December 2022: 8.5% to 11.25%), 10% to 12.75% for Regional Ireland assets (31 December 2022: 9.75% to 12.5%), 7.4% to 11.5% for UK assets (31 December 2022: 7.5% to 13%), 7.5% to 8% for Continental Europe assets (31 December 2022: 8.25%) have been used; and
- The values applied to each of these key assumptions are derived from a combination of internal and external factors based on historical experience of the valuers and of management and taking into account the stability of cash flows typically associated with these factors.

Following the impairment assessments carried out on the Group's CGUs at 31 December 2023, the recoverable amount was not deemed lower than the carrying amount for any of the Group's CGUs. No impairment charge relating to right-of-use assets (note 16), allocated goodwill (note 14) and fixtures, fittings and equipment (note 15) has therefore been recognised in profit or loss for the year ended 31 December 2023.

At 31 December 2023, impairment reversal assessments were carried out on the Group's CGUs where there had been a previous impairment of fixtures, fittings and equipment. Following this assessment, no impairment reversals of previous impairments were noted (2022: €4.1 million on right-of-use assets and €0.6 million on fixtures, fittings and equipment).

If the 2024 EBITDA forecasts used in cashflow in VIU estimates for impairment testing as at 31 December 2023 had been forecast 10% lower, there would still have been no impairment for the year ended 31 December 2023 for right-of-use assets and fixtures, fittings and equipment and allocated goodwill.

13 Business combinations

Acquisition of Clayton Hotel London Wall

On 3 July 2023, the Group acquired the long leasehold interest and trade of Apex Hotel London Wall, now trading as Clayton Hotel London Wall, for cash consideration of £53.4 million (€62.1 million).

The Group became party to a ground lease as part of the acquisition and recognised lease liabilities and right-of-use assets of £2.0 million (€2.3 million). The ground lease has a remaining life of 107 years. This exceeds the estimated useful life of the building as at the acquisition date and hence the building is accounted for as an owned hotel.

The fair value of the identifiable assets and liabilities acquired were as follows:

	3 July 2023 Fair value	3 July 2023 Fair value
	£'000	€'000
Recognised amounts of identifiable assets acquired and liabilities assumed		
Non-current assets		
Hotel property	**51,366**	59,742
Fixtures, fittings and equipment	**2,034**	2,365
Right-of-use asset	**2,017**	2,346
Current assets		
Net working capital liabilities	**(21)**	(24)
Non-current liabilities		
Lease liability	**(1,997)**	(2,323)
Current liabilities		
Lease liability	**(20)**	(23)
Total identifiable net assets	**53,379**	62,083
Total cash consideration	**53,379**	62,083

The acquisition method of accounting has been used to consolidate the business acquired in the Group's consolidated financial statements. No goodwill has been recognised on acquisition as the fair value of the net assets acquired equated to the consideration paid.

Acquisition-related costs of £3.3 million (€3.8 million) were charged to administrative expenses in profit or loss in respect of this business combination.

13 Business combinations *(continued)*

Acquisition of Clayton Hotel Amsterdam American

On 3 October 2023, the Group acquired 100% of the share capital of American Hotel Exploitatie BV which holds the operational lease of the Hard Rock Hotel Amsterdam American, now trading as Clayton Hotel Amsterdam American, for cash consideration of €28.3 million and assumed net working capital liabilities of €1.2 million.

The remaining lease term is 18 years, with two 5-year tenant extension options. This resulted in the recognition of a lease liability of €41.0 million and a right-of-use asset of €41.0 million.

The fair value of the identifiable assets and liabilities acquired were as follows:

	3 October 2023 Fair value €'000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Non-current assets	
Right-of-use asset	41,036
Fixtures, fittings and equipment	6,065
Deferred tax asset	10,587
Current assets	
Trade and other receivables	974
Stock	98
Cash	8
Non-current liabilities	
Deferred tax liability	(10,587)
Lease liability	(40,066)
Current liabilities	
Trade and other payables	(1,962)
Lease liability	(970)
Accruals	(264)
Total identifiable net assets	**4,919**
Total cash consideration	**28,344**
Goodwill	**23,425**

Goodwill of €23.4 million has been recognised due to the acquisition of Clayton Hotel Amsterdam American, as the consideration exceeded the fair value of the identifiable net assets acquired.

The goodwill acquired as part of this transaction comprises certain intangible assets that cannot be separately identified. This includes future trading and the future growth opportunities the business provides to the Group's operations due to the geographical location of the hotel, access to the Amsterdam market, which restricts new hotel developments, and the skills and experience of an assembled workforce.

Acquisition-related costs of €0.6 million were charged to administrative expenses in profit or loss in respect of this business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

13 Business combinations *(continued)*

Impact of new acquisitions on trading performance

The post-acquisition impact of the acquisitions completed during 2023 on the Group's profit for the financial year ended 31 December 2023 was as follows:

	2023 €'000
Revenue	**7,671**
Loss before tax and acquisition-related costs	**(1,044)**

The Group has limited access to the pre-acquisition books and records of the acquired businesses, and as such it is impracticable to determine the impact to the Group if the acquisitions had occurred on 1 January 2023.

These two transactions have added to the scale of the Group with the acquisition of Clayton Hotel London Wall and Clayton Hotel Amsterdam American increasing the geographical spread of the Group in line with the Group's strategy of expanding across larger UK cities and further entry into Continental Europe.

14 Intangible assets and goodwill

	Goodwill €'000	Other intangible assets €'000	Total €'000
Cost or valuation			
Balance at 1 January 2023	79,106	2,797	81,903
Additions	23,425	7	23,432
Effect of movements in exchange rates	238	-	238
Balance at 31 December 2023	**102,769**	**2,804**	**105,573**
Balance at 1 January 2022	79,716	2,517	82,233
Additions	-	280	280
Effect of movements in exchange rates	(610)	-	(610)
Balance at 31 December 2022	79,106	2,797	81,903
Accumulated amortisation and impairment losses			
Balance at 1 January 2023	(48,947)	(1,902)	(50,849)
Amortisation of intangible assets	-	(650)	(650)
Balance at 31 December 2023	**(48,947)**	**(2,552)**	**(51,499)**

14 Intangible assets and goodwill *(continued)*

	Goodwill €'000	Other intangible assets €'000	Total €'000
Balance at 1 January 2022	(48,947)	(1,292)	(50,239)
Amortisation of intangible assets	-	(610)	(610)
Balance at 31 December 2022	(48,947)	(1,902)	(50,849)

Carrying amounts

	Goodwill €'000	Other intangible assets €'000	Total €'000
At 31 December 2023	**53,822**	**252**	**54,074**
At 31 December 2022	30,159	895	31,054

Goodwill

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.

Additions to goodwill during 2023 include €23.4 million attributable to the acquisition of Clayton Hotel Amsterdam American (note 13) (2022: €Nil).

As at 31 December 2023, the goodwill cost figure includes €11.8 million (£10.3 million) which is attributable to goodwill arising on acquisition of foreign operations denominated in sterling. Consequently, such goodwill is subsequently retranslated at the closing rate. The retranslation at 31 December 2023 resulted in a foreign exchange gain of €0.2 million and a corresponding increase in goodwill. The comparative retranslation at 31 December 2022 resulted in a foreign exchange loss of €0.6 million.

Carrying amount of goodwill allocated	Number of cash-generating units At 31 December 2023	2023 €'000	2022 €'000
Moran Bewley Hotel Group (i)	**7**	**24,725**	24,500
Other acquisitions (i)	**3**	**1,327**	1,314
2007 Irish hotel operations acquired (ii)	**3**	**4,345**	4,345
Clayton Hotel Amsterdam American (iii)	**1**	**23,425**	-
	14	**53,822**	30,159

The above table represents the number of CGUs to which goodwill was allocated at 31 December 2023.

Annual goodwill testing

The Group tests goodwill annually for impairment and more frequently if there are indications that goodwill might be impaired. Due to the Group's policy of revaluation of land and buildings, and the allocation of goodwill to individual CGUs, impairment of goodwill can occur for CGUs where the Group owns the freehold as the Group realises the profit and revenue growth and synergies which underpinned the goodwill. As these materialise, they are recorded as revaluation gains to the carrying value of the property and consequently, elements of goodwill may be required to be written off if the carrying value of the CGU (which includes revalued property and allocated goodwill) exceeds its recoverable amount on a VIU basis. The impairment of goodwill is recorded through profit or loss though the revaluation gains on property are taken to reserves through other comprehensive income provided there were no previous impairment charges through profit or loss.

14 Intangible assets and goodwill *(continued)*

Annual goodwill testing *(continued)*
Following an impairment review of the CGUs containing goodwill at 31 December 2023, no goodwill was required to be impaired (2022: €Nil).

Future under-performance in any of the Group's major CGUs may result in a material write-down of goodwill which would have a substantial impact on the Group's results and equity.

(i) Moran Bewley Hotel Group and other single asset acquisitions
For the purposes of impairment testing, goodwill has been allocated to each of the hotels acquired as CGUs. The freehold interest in the property is owned by the Group and therefore these hotel properties are valued annually by independent external valuers. As such the recoverable amount of each CGU is based on a fair value less costs of disposal estimate, or where this value is less than the carrying value of the asset, the VIU of the CGU is assessed.

Costs of acquisition of a willing buyer which are factored in by external valuers when calculating the fair value price of the asset are significant for these assets (2023: Ireland 9.96%, UK 6.8%, 2022: Ireland 9.96%, UK 6.8%). Purchasers' costs are a key difference between VIU and fair value less costs of disposal as prepared by external valuers.

At 31 December 2023, the recoverable amounts of the ten CGUs were based on VIU, determined by discounting the future cash flows generated from the continuing use of these hotels. Following the impairment assessment carried out at 31 December 2023, there was no impairment relating to the CGUs. Note 12 details the assumptions used in the VIU estimates for impairment testing.

(ii) 2007 Irish hotel operations acquired
For the purposes of impairment testing, goodwill has been allocated to each of the CGUs representing the Irish hotel operations acquired in 2007. Eight hotels were acquired at that time but only four of these hotels had goodwill associated with them. The goodwill related to one of these CGUs was fully impaired (€2.6 million) during the year ended 31 December 2020. The remaining three of these hotels are valued annually by independent external valuers, as the freehold interest in the property is now also owned by the Group. Where hotel properties are valued annually by independent external valuers, the recoverable amount of each CGU is based on a fair value less costs of disposal estimate, or where this value is less than the carrying value of the asset, the VIU of the CGU is assessed. The recoverable amount at 31 December 2023 of each of these CGUs which have associated goodwill is based on VIU. VIU is determined by discounting the future cash flows generated from the continuing use of these hotels. Following the impairment assessment carried out at 31 December 2023, there was no impairment of goodwill relating to these CGUs.

Costs of acquisition of a willing buyer which are factored in by external valuers when calculating the fair value price of the assets are significant for these assets (2023: 9.96%, 2022: 9.96%). Purchaser's costs are a key difference between VIU and fair value less costs of disposal as prepared by external valuers. Note 12 details the assumptions used in the VIU estimates.

The key judgements and assumptions used in estimating the future cash flows in the impairment tests are subjective and include projected EBITDA (as defined in note 3), discount rates and the duration of the discounted cash flow model. Expected future cash flows are inherently uncertain and therefore liable to change materially over time (note 12).

(iii) Clayton Hotel Amsterdam American
Goodwill of €23.4 million has been recognised due to the acquisition of Clayton Hotel Amsterdam American, as the consideration exceeded the fair value of the identifiable net assets acquired.

The goodwill acquired as part of this transaction comprises certain intangible assets that cannot be separately identified. This includes future trading and the future growth opportunities the business provides to the Group's operations due to the geographical location of the hotel, access to the Amsterdam market, which restricts new hotel developments, and the skills and experience of an assembled workforce.

For the purposes of impairment testing, goodwill has been allocated to the CGU, representing Clayton Hotel Amsterdam American's operations, acquired in 2023. The recoverable amount at 31 December 2023 of this CGU is based on VIU. VIU is determined by discounting the estimated future cash flows generated from the continuing use of the hotel. Following the impairment assessment carried out at 31 December 2023, there was no impairment of goodwill relating to this CGU.

Other intangible assets
Other intangible assets of €0.3 million at 31 December 2023 (2022: €0.9 million) primarily represent a software licence agreement entered into by the Group in 2019. This software licence will run to 31 May 2024 and is being amortised on a straight-line basis over the life of the asset.

14 Intangible assets and goodwill *(continued)*

Other intangible assets (*continued)*
The Group reviews the carrying amounts of other intangible assets annually to determine whether there is any indication of impairment. If any such indicators exist, then the asset's recoverable amount is estimated.

At 31 December 2023, there were no indicators of impairment present and the Directors concluded that the carrying value of other intangible assets was not impaired at 31 December 2023.

15 Property, plant and equipment

	Land and buildings	Assets under construction	Fixtures, fittings and equipment	Total
	€'000	€'000	€'000	€'000
At 31 December 2023				
Valuation	1,478,636	-	-	1,478,636
Cost	-	101,703	187,951	289,654
Accumulated depreciation (and impairment charges) *	-	-	(83,459)	(83,459)
Net carrying amount	1,478,636	101,703	104,492	1,684,831
At 1 January 2023, net carrying amount	**1,281,344**	**64,556**	**81,547**	**1,427,447**
Acquisitions through business combinations	59,742	-	8,430	68,172
Additions through capital expenditure	50,351	33,892	34,038	118,281
Capitalised labour costs	120	142	66	328
Capitalised borrowing costs (note 7)	-	2,008	-	2,008
Revaluation gains through OCI	92,098	-	-	92,098
Reversal of revaluation losses through profit or loss	2,020	-	-	2,020
Depreciation charge for the year	(12,769)	-	(20,022)	(32,791)
Translation adjustment	5,730	1,105	433	7,268
At 31 December 2023, net carrying amount	**1,478,636**	**101,703**	**104,492**	**1,684,831**

The equivalent disclosure for the prior year is as follows:

	Land and buildings	Assets under construction	Fixtures, fittings and equipment	Total
At 31 December 2022				
Valuation	1,281,344	-	-	1,281,344
Cost	-	64,556	153,879	218,435
Accumulated depreciation (and impairment charges) *	-	-	(72,332)	(72,332)
Net carrying amount	**1,281,344**	**64,556**	**81,547**	**1,427,447**

15 Property, plant and equipment *(continued)*

	Land and buildings €'000	Assets under construction €'000	Fixtures, fittings and equipment €'000	Total €'000
At 1 January 2022, net carrying amount	**1,088,847**	**79,094**	**75,961**	**1,243,902**
Additions through capital expenditure	31	18,732	21,165	39,928
Reclassification from assets under construction to land and buildings and fixtures, fittings and equipment for assets that have come into use	28,627	(31,796)	3,169	-
Capitalised labour costs	52	32	79	163
Capitalised borrowing costs (note 7)	1,088	1,063	-	2,151
Disposals	(19,008)	-	(1,204)	(20,212)
Revaluation gains through OCI	188,185			188,185
Reversal of revaluation losses through profit or loss	21,234	-	-	21,234
Reversal of previous impairment charges of fixtures, fittings and equipment	-	-	624	624
Depreciation charge for the year	(11,237)	-	(17,189)	(28,426)
Translation adjustment	(16,475)	(2,569)	(1,058)	(20,102)
At 31 December 2022, net carrying amount	**1,281,344**	**64,556**	**81,547**	**1,427,447**

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

The carrying value of land and buildings (revalued at 31 December 2023) is €1,478.6 million (2022: €1,281.3 million). The value of these assets under the cost model is €959.9 million (2022: €855.4 million). In 2023, unrealised revaluation gains of €92.1 million have been reflected in other comprehensive income and in the revaluation reserve in equity (2022: €188.2 million). Reversal of previous periods revaluation losses of €2.0 million have been reflected in administrative expenses through profit or loss (2022: €21.2 million).

Included in land and buildings at 31 December 2023 is land at a carrying value of €521.9 million (2022: €463.7 million) which is not depreciated. There are €13.5 million of fixtures, fittings and equipment which have been depreciated in full but are still in use at 31 December 2023 (31 December 2022: €3.3 million).

Acquisitions through business combinations relate to the acquisition of Clayton Hotel London Wall of £53.4 million (€62.1 million) and Clayton Hotel Amsterdam American of €6.1 million during the year (note 13).

Additions to assets under construction during the year end 31 December 2023 primarily relate to development expenditure incurred on the construction of Maldron Hotel Shoreditch in London and the purchase of a building conversion opportunity in Edinburgh.

Other additions through capital expenditure primarily relate to the acquisition of and further investment in Maldron Hotel Finsbury Park, London, which totalled £49.5 million (€56.9 million).

Capitalised labour costs of €0.3 million (2022: €0.2 million) relate to the Group's internal development team and are directly related to asset acquisitions and other construction work completed in relation to the Group's property, plant and equipment.

Impairment assessments were carried out on the Group's CGUs at 31 December 2023. No impairment charge has been recorded as the recoverable amount was deemed higher than the carrying amount for all the Group's CGUs.

At 31 December 2023, impairment reversal assessments were carried out on the Group's CGUs where there had been a previous impairment of fixtures, fittings and equipment. Following this assessment, no impairment reversals of previous impairments were necessary (2022: €4.7 million) (note 12).

At 31 December 2023, property, plant and equipment, including fixtures, fittings and equipment in leased properties, with a carrying amount of €1,368.3 million (2022: €1,217.0 million) were pledged as security for loans and borrowings.

15 Property, plant and equipment *(continued)*

On 21 June 2022, the Group completed the sale of Clayton Crown Hotel, London, for net proceeds of £20.7 million (€24.1 million). As a result, the hotel property and related fixtures, fittings and equipment of £17.4 million (€20.2 million) were derecognised from the statement of financial position. A gain on disposal of £3.3 million (€3.9 million) was recognised in profit or loss for the year ended 31 December 2022 (note 6).

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

The value of the Group's property at 31 December 2023 reflects open market valuations carried out as at 31 December 2023 by independent external valuers having appropriate recognised professional qualifications and recent experience in the location and value of the property being valued. The external valuations performed were in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards.

Measurement of fair value

The fair value measurement of the Group's own-use property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. At 31 December 2023, 31 properties were revalued by independent external valuers engaged by the Group (31 December 2022: 29).

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 average room rate ('ARR') (calculated as total revenue divided by total rooms sold) and occupancy) 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 3%-4% of revenue per annum, dependent on the extent of hotel facilities. 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 off their trading forecasts (benchmarked against competition, market and actual performance). The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of the property and its location. The final valuation also includes a deduction of full purchaser's costs based on the valuers' estimates at 9.96% for assets located in the Republic of Ireland (31 December 2022: 9.96%) and 6.8% for assets located in the UK (31 December 2022: 6.8%).

The 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.

It was noted by the independent valuers that climate risk and ESG considerations have had little or no impact on valuations at 31 December 2023.

15 Property, plant and equipment *(continued)*

The significant unobservable inputs and drivers thereof are summarised in the following table:

Significant unobservable inputs

	31 December 2023			
	Dublin	Regional Ireland	UK	Total
	Number of hotel assets			
RevPar (Revenue per available room)				
€75-€100/£75-£100	**-**	**-**	**2**	**2**
€100-€125/£100-£125	**2**	**7**	**4**	**13**
>€125/£125	**8**	**5**	**3**	**16**
	10	**12**	**9**	**31**
Terminal (Year 10) capitalisation rate				
<8%	**7**	**-**	**5**	**12**
8%-10%	**3**	**8**	**4**	**15**
>10%	**-**	**4**	**-**	**4**
	10	12	9	31
Price per key*				
< €150k/£150k	**1**	**9**	**4**	**14**
€150k-€250k/£150k-£250k	**1**	**2**	**1**	**4**
€250k-€350k/£250k-£350k	**5**	**1**	**2**	**8**
> €350k/£350k	**3**	**-**	**2**	**5**
	10	**12**	**9**	**31**

	31 December 2022			
	Dublin	Regional Ireland	UK	Total
	Number of hotel assets			
RevPar (Revenue per available room)				
< €75/£75	1	6	5	12
€75-€100/£75-£100	4	5	3	12
€100-€125/£100-£125	4	1	-	5
	9	12	8	29
Terminal (Year 10) capitalisation rate				
<8%	7	2	2	11
8%-10%	3	8	4	15
>10%	-	2	1	3
	10	12	7	29

15 Property, plant and equipment *(continued)*

	31 December 2022			
	Dublin	Regional Ireland	UK	Total
	Number of hotel assets			
Price per key*				
< €150k/£150k	1	9	5	15
€150k-€250k/£150k-£250k	1	3	-	4
€250k-€350k/£250k-£350k	7	-	1	8
> €350k/£350k	1	-	1	2
	10	12	7	29

* Price per key represents the valuation of a hotel divided by the number of rooms in that hotel.

The significant unobservable inputs are:
- Valuers' forecast cash flows.
- Risk adjusted discount rates and terminal (Year 10) capitalisation rates are specific to each property;

Dublin assets:
- Risk adjusted discount rates range between 8.50% and 11.35% (31 December 2022: 8.50% and 11.25%).
- Weighted average risk adjusted discount rate is 9.40% (31 December 2022: 9.56%).
- Terminal capitalisation rates range between 6.50% and 9.35% (31 December 2022: 6.50% and 9.25%).
- Weighted average terminal capitalisation rate is 7.40% (31 December 2022: 7.56%).

Regional Ireland:
- Risk adjusted discount rates range between 10.0% and 12.75% (31 December 2022: 9.75% and 12.50%).
- Weighted average risk adjusted discount rate is 11.06% (31 December 2022: 10.75%).
- Terminal capitalisation rates range between 8.0% and 10.75% (31 December 2022: 7.75% and 10.50%).
- Weighted average terminal capitalisation rate is 9.06% (31 December 2022: 8.75%).

UK:
- Risk adjusted discount rates range between 7.40% and 11.50% (31 December 2022: 7.50% and 13.00%).
- Weighted average risk adjusted discount rate is 8.77% (31 December 2022: 9.47%).
- Terminal capitalisation rates range between 5.40% and 9.50% (31 December 2022: 5.00% and 10.50%).
- Weighted average terminal capitalisation rate is 6.77% (31 December 2022: 6.97%).

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 lower or higher.

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 the future earnings forecast 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.

16 Leases

Group as a lessee

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

	Property assets	Other equipment	Total
	€'000	€'000	€'000
Net book value at 1 January 2023	**657,790**	**311**	**658,101**
Acquisitions through business combinations	43,382	-	43,382
Additions	-	375	375
Depreciation charge for the year	(30,570)	(93)	(30,663)
Remeasurement of lease liabilities	7,808	-	7,808
Translation adjustment	6,190	-	6,190
Net book value at 31 December 2023	**684,600**	**593**	**685,193**
Net book value at 1 January 2022	491,832	37	491,869
Additions	195,167	330	195,497
Depreciation charge for the year	(27,447)	(56)	(27,503)
Remeasurement of lease liabilities	10,441	-	10,441
Reversal of previous impairment charges	4,101	-	4,101
Translation adjustment	(16,304)	-	(16,304)
Net book value at 31 December 2022	**657,790**	**311**	**658,101**

Right-of-use assets comprise leased assets that do not meet the definition of investment property.

16 Leases *(continued)*

Lease liabilities

	2023 €'000	2022 €'000
Current	10,347	10,049
Non-current	641,444	471,877
Lease liabilities at 1 January	**651,791**	**481,926**
Additions	375	185,061
Acquisitions through business combinations	43,382	-
Interest on lease liabilities (note 7)	42,751	38,101
Lease payments	(53,498)	(47,425)
Remeasurement of lease liabilities	7,808	10,427
Translation adjustment	5,989	(16,299)
Lease liabilities at 31 December	**698,598**	**651,791**
Current	12,040	10,347
Non-current	686,558	641,444
Lease liabilities at 31 December	**698,598**	**651,791**

Acquisitions through business combinations during the year ended 31 December 2023 relate to:

- In July 2023, the Group acquired the ground lease of the Apex Hotel London Wall, which was subsequently re-branded Clayton Hotel London Wall, with 107 years remaining on the lease. This resulted in the recognition of a lease liability of €2.3 million (£2.0 million) and a right-of-use asset of €2.3 million (£2.0 million).
- In October 2023, the Group acquired 100% of the share capital of American Hotel Exploitatie BV which held the operational lease of the Hard Rock Hotel Amsterdam American, now trading as Clayton Hotel Amsterdam American. The lease term remaining is 18 years, with two 5-year tenant extension options. This resulted in the recognition of a lease liability of €41.0 million and right-of-use asset of €41.0 million.

Additions during the year ended 31 December 2022 related 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 €32.3 million (£27.1 million) and a right-of-use asset of €37.2 million (£31.3 million), which included lease prepayments and initial direct costs of €4.9 million (£4.2 million).
- In February 2022, the Group entered a new operating lease of Clayton Hotel Düsseldorf, Germany with a lease term of 20 years, and 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 included €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 included 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 lease liability of €37.9 million and a right-of-use asset of €38.3 million, which included initial direct costs of €0.4 million.
- In July 2022, the Group entered into a new lease for its central office headquarters with a lease term of 15 years and a break option after 10 years. This resulted in the recognition of a lease liability of €3.3 million and a right-of-use asset of €3.3 million.
- In October 2022, the Group entered into a 35 year lease of Clayton Hotel Glasgow. This resulted in the recognition of a lease liability of €29.6 million (£25.6 million) and a right-of-use assets of €31.0 million (£26.9 million), which included initial direct costs of €1.4 million (£1.3 million).

The weighted average incremental borrowing rate for leases acquired or newly entered into during the year ended 31 December 2023 is 8.8% (2022: 7.5%).

16 Leases *(continued)*

During the year ended 31 December 2023, a lease amendment, which was not included in the original lease agreement was made to one of the Group's leases. This has been treated as a modification of lease liabilities and resulted in an increase in lease liabilities and the carrying value of the right-of-use asset of €4.5 million.

Following agreed rent reviews and rent adjustments, which formed part of the original lease agreements, certain of the Group's leases were reassessed during the year. This resulted in an increase in lease liabilities and related right-of-use assets of €3.3 million.

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

Variable lease costs which are linked to an index rate or are considered fixed payments in substance are included in the measurement of lease liabilities. These represent €61.2 million of lease liabilities at 31 December 2023 (31 December 2022: €63.8 million).

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

	At 31 December 2023			
	Republic of Ireland	Continental Europe	UK	Total
	€'000	€'000	£'000	€'000
During the year 2024	**26,283**	**8,780**	**19,588**	**57,603**
During the year 2025	**26,475**	**8,827**	**19,660**	**57,924**
During the year 2026	**24,577**	**8,827**	**19,753**	**56,133**
During the year 2027	**24,419**	**8,827**	**20,211**	**56,502**
During the years 2028	**24,500**	**8,827**	**20,327**	**56,717**
During the years 2029 – 2038	**235,934**	**88,268**	**211,761**	**567,872**
During the years 2039 – 2048	**147,009**	**27,948**	**230,195**	**439,838**
From 2049 onwards	**71,432**	**-**	**168,646**	**265,490**
	580,629	**160,304**	**710,141**	**1,558,079**

16 Leases *(continued)*

	At 31 December 2022			
	Republic of Ireland	Continental Europe	UK	Total
	€'000	€'000	£'000	€'000
Year ended 31 December 2023	26,517	3,537	19,267	51,777
During the year 2024	24,096	4,386	19,208	50,139
During the year 2025	23,986	4,433	19,280	50,157
During the year 2026	24,089	4,433	19,373	50,365
During the year 2027	24,369	4,433	19,831	51,161
During the years 2028	24,467	4,433	19,945	51,387
During the years 2029 – 2038	235,808	44,330	207,880	514,521
During the years 2039 – 2048	147,003	13,669	226,213	415,723
From 2049 onwards	71,432	-	152,399	243,259
	601,767	83,654	703,396	1,478,489

Sterling amounts have been converted using the closing foreign exchange rate of 0.86905 as at 31 December 2023 (0.88693 as at 31 December 2022).

The actual cash flows will depend on the composition of the Group's lease portfolio in future years and is subject to change, driven by:
- commencement of new leases;
- modifications of existing leases; and
- reassessments of lease liabilities following periodic rent reviews.

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

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

For the year ended 31 December 2023, the total fixed cash outflows relating to property assets and other equipment amounted to €53.5 million (31 December 2022: €47.4 million).

16 Leases *(continued)*

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

The unwinding of the right-of-use assets as at 31 December 2023 and the release of the interest on the lease liabilities as at 31 December 2023 through profit or loss over the terms of the leases have been disclosed in the following tables:

	Depreciation of right-of-use assets			
	Republic of Ireland	Continental Europe	UK	Total
	€'000	€'000	£'000	€'000
During the year 2024	**16,185**	**4,437**	**9,877**	**31,987**
During the year 2025	**16,092**	**4,749**	**9,866**	**32,194**
During the year 2026	**14,109**	**4,749**	**9,521**	**29,814**
During the year 2027	**13,634**	**4,749**	**9,301**	**29,085**
During the year 2028	**13,461**	**4,749**	**9,147**	**28,735**
During the year 2029	**13,240**	**4,474**	**8,487**	**27,480**
During the years 2030-2039	**121,287**	**44,492**	**83,002**	**261,288**
During the years 2040-2049	**63,889**	**9,639**	**82,892**	**168,910**
From 2050 onwards	**24,877**	**-**	**44,167**	**75,700**
	296,774	**82,038**	**266,260**	**685,193**

	Interest on lease liabilities			
	Republic of Ireland	Continental Europe	UK	Total
	€'000	€'000	£'000	€'000
During the year 2024	**17,723**	**6,534**	**18,511**	**45,557**
During the year 2025	**17,167**	**6,249**	**18,441**	**44,636**
During the year 2026	**16,630**	**6,054**	**18,364**	**43,815**
During the year 2027	**16,174**	**5,844**	**18,265**	**43,035**
During the year 2028	**15,680**	**5,618**	**18,133**	**42,163**
During the year 2029	**15,152**	**5,374**	**17,989**	**41,226**
During the years 2030-2039	**117,821**	**35,356**	**166,772**	**345,079**
During the years 2040-2049	**54,650**	**1,531**	**116,420**	**190,143**
From 2050 onwards	**9,475**	**-**	**47,235**	**63,827**
	280,472	**72,560**	**440,130**	**859,481**

Sterling amounts have been converted using the closing foreign exchange rate of 0.86905 as at 31 December 2023.

16 Leases *(continued)*

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

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

Impairment assessments were carried out on the Group's CGUs at 31 December 2023. No impairment charge has been recorded as the recoverable amount was deemed higher than the carrying amount for all the Group's CGUs (31 December 2022: impairment reversals of €4.1 million) (note 12).

Leases of property assets

The Group leases properties for its hotel operations and office space. The leases of hotels typically run for a period of between 25 and 35 years and leases of office space for 10 years.

Some leases provide for additional rent payments that are based on a percentage of the revenue/EBITDAR that the Group generates at the hotel in the period. The Group sub-leases part of two of its properties to a tenant under an operating lease.

Variable lease costs based on revenue

These variable lease costs link rental payments to hotel cash flows and reduce fixed payments. Variable lease costs which are considered fixed in substance are included as part of lease liabilities and not in the following table.

Variable lease costs based on revenue for the year ended 31 December 2023 are as follows:

	Variable lease costs element	Estimated impact on variable lease costs of 5% increase in revenue/EBITDAR
	€'000	€'000
Leases with lease payments based on revenue	**3,630**	**782**

Variable lease costs based on revenue for the year ended 31 December 2022 are as follows:

	Variable lease costs element	Estimated impact on variable lease costs of 5% increase in revenue/EBITDAR
	€'000	€'000
Leases with lease payments based on revenue	3,815	519

Extension options

As at 31 December 2023, the Group, as a hotel lessee, has two hotels which each have two 5-year extension options. The Group assesses at lease commencement whether it is reasonably certain to exercise the options and reassesses if there is a significant event or change in circumstances within its control. At 31 December 2023, 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 leases	**87,850**	**13,274**

16 Leases *(continued)*

Termination options

The Group holds a termination option in an office space lease. The Group assesses at lease commencement whether it is reasonably certain not to exercise the option and reassesses if there is a significant event or change in circumstances within its control. At 31 December 2023, the Group has assessed that it is not reasonably certain that the option will not be exercised. The relative magnitude of optional lease payments to lease payments is as follows:

	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities (discounted)
	€'000	€'000
Office building	**3,579**	**1,372**

Leases not yet commenced to which the lessee is committed

The Group has multiple agreements for lease at 31 December 2023 and details of the non-cancellable lease rentals and other contractual obligations payable under these agreements are set out hereafter. These represent the minimum future lease payments (undiscounted) 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.

	At 31 December 2023	At 31 December 2022
	€'000	€'000
Agreements for lease		
Less than one year	**9,503**	-
One to two years	**5,745**	10,178
Two to three years	**7,991**	5,629
Three to five years	**16,389**	15,737
Five to fifteen years	**86,181**	81,307
Fifteen to twenty five years	**92,658**	87,473
After twenty five years	**107,305**	109,229
Total future lease payments	**325,772**	309,553

Included in the above table are future lease payments for agreements for lease, with a lease term of 35 years with the expected opening dates as follows: Maldron Hotel Cathedral Quarter Manchester (Q2 2024), Maldron Hotel Liverpool City (Q2 2024), Maldron Hotel Brighton (Q3 2024) and Maldron Hotel Croke Park, Dublin (H1 2026).

16 Leases *(continued)*

Other leases

The Group has applied the short-term and low-value exemptions available under IFRS 16 where applicable and recognises lease payments associated with short-term leases or leases for which the underlying asset is of low-value as an expense on a straight-line basis over the lease term. Where the exemptions were not available, right-of-use assets have been recognised with corresponding lease liabilities.

	2023 €'000	2022 €'000
Expenses relating to short-term leases recognised in administrative expenses	**174**	204
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets, recognised in administrative expenses	**365**	237
	539	441

For the year ended 31 December 2023, cash outflows relating to fixtures, fittings and equipment, for which the Group has availed of the IFRS 16 short-term and low-value exemptions, amounted to €0.5 million (31 December 2022: €0.4 million).

Group as a lessor

Lease income from lease contracts in which the Group acts as lessor is outlined below:

	2023 €'000	2022 €'000
Operating lease income (note 6)	**385**	392

The Group leases its investment property and has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to ownership of these assets to the lessee. Operating lease income from sub-leasing right-of-use assets for the year ended 31 December 2023 amounted to €0.2 million (31 December 2022: €0.2 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments receivable:

	2023 €'000	2022 €'000
Less than one year	**364**	375
One to two years	**303**	335
Two to three years	**303**	335
Three to four years	**262**	335
Four to five years	**248**	293
More than five years	**767**	1,102
Total undiscounted lease payments receivable	**2,247**	2,775

Sterling amounts have been converted using the closing foreign exchange rate of 0.86905 as at 31 December 2023 (31 December 2022: 0.88693).

17 Contract fulfilment costs

	2023 €'000	2022 €'000
At 1 January	**-**	36,255
Costs incurred in fulfilling contract in the year	**-**	4,386
Capitalised borrowing costs (note 7)	**-**	357
Release of costs to profit or loss on sale	**-**	(40,998)
At 31 December	**-**	-

During 2022 contract fulfilment costs related 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 on completion of its construction 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. Income and the associated costs were recognised on this contract in profit or loss when the performance obligation in the contract was met. Based on the terms of the contract, this was the legal completion of the contract which occurred on practical completion of the development project, 11 August 2022. As a result, the income was recognised at a point in time when the performance obligation was met, rather than over time.

The income from the sale of the residential units was €42.5 million of which €41.8 million was received on completion. €0.7 million has been withheld as a retention payment and included in contract assets (note 18). The full receipt of these funds is expected in 2024.Total sales proceeds of €42.5 million were recognised as income from residential development activities in profit or loss for the year ended 31 December 2022.

The related capitalised contract fulfilment costs of €41.0 million were released from the statement of financial position to profit or loss and recognised within cost of residential development activities in profit of loss for the year ended 31 December 2022.

18 Trade and other receivables

	2023 €'000	2022 €'000
Non-current assets		
Other receivables	**2,328**	2,314
Prepayments	**4,090**	1,073
	6,418	3,387
Current assets		
Trade receivables	**10,830**	13,816
Prepayments	**9,251**	8,003
Contract assets	**4,612**	4,465
Accrued income	**3,069**	2,309
Other receivables	**500**	1,670
	28,262	30,263
Total	**34,680**	33,650

18 Trade and other receivables *(continued)*

Non-current assets

Included in non-current other receivables at 31 December 2023 is a rent deposit of €1.4 million paid to the landlord on the sale and leaseback of Clayton Hotel Charlemont (31 December 2022: €1.4 million). 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 (2022: €0.9 million) which is interest-bearing and refundable at the end of the lease term.

Included in non-current prepayments at 31 December 2023 are costs of €4.1 million (31 December 2022: €1.1 million) associated with future lease agreements for hotels which are currently being constructed or in planning. The increase at 31 December 2023 is as a result of a rise in expenses related to projects due to complete in 2024. When these leases are signed, these costs will be reclassified to right-of-use assets.

Current assets

Current other receivables at 31 December 2023 of €0.5 million (2022: €1.7 million) have decreased by €1.2 million as the amounts for government grants relating to the Temporary Energy Business Support Scheme (TBESS) for energy costs were received in full during 2023 and the scheme has now ceased (note 10).

Included in current contract assets is €0.7 million (2022: €0.7 million) which relates to a retention payment, details of which are included in note 17.

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.

Aged analysis of trade receivables

	Gross receivables 2023 €'000	Expected credit loss Rate 2023	Impairment provision 2023 €'000	Net receivables 2023 €'000
Not past due	**5,984**	**0.0%**	**-**	**5,984**
Past due < 30 days	**2,804**	**0.0%**	**-**	**2,804**
Past due 30 – 60 days	**1,337**	**0.0%**	**-**	**1,337**
Past due 60 – 90 days	**147**	**0.0%**	**-**	**147**
Past due > 90 days	**883**	**36.8%**	**(325)**	**558**
	11,155		**(325)**	**10,830**

	Gross receivables 2022 €'000	Expected credit loss Rate 2022	Impairment provision 2022 €'000	Net receivables 2022 €'000
Not past due	6,840	0.0%	-	6,840
Past due < 30 days	3,207	0.0%	-	3,207
Past due 30 – 60 days	1,596	0.0%	-	1,596
Past due 60 – 90 days	1,046	0.0%	-	1,046
Past due > 90 days	1,746	35.5%	(619)	1,127
	14,435		(619)	13,816

Management does not expect any significant losses from trade receivables that have not been provided for as shown above, contract assets, accrued income or other receivables. Details are included in the credit risk section in note 27.

19 Inventories

	2023	2022
	€'000	€'000
Goods for resale	**1,882**	1,863
Consumable stores	**519**	479
	2,401	2,342

Inventories recognised as cost of sales during the year amounted to €33.6 million (2022: €30.7 million).

20 Cash and cash equivalents

	2023	2022
	€'000	€'000
Cash at bank and in hand	**34,173**	91,320
	34,173	91,320

21 Capital and reserves

Share capital and share premium

At 31 December 2023

	Number	€'000
Authorised share capital	**10,000,000,000**	**100,000**
Ordinary shares of €0.01 each		

	Number	€'000
Allotted, called-up and fully paid shares	**223,454,844**	**2,235**
Ordinary shares of €0.01 each		

Share premium		**505,079**

At 31 December 2022

	Number	€'000
Authorised share capital		
Ordinary shares of €0.01 each	10,000,000,000	100,000

	Number	€'000
Allotted, called-up and fully paid shares		
Ordinary shares of €0.01 each	222,871,722	2,229

Share premium		504,910

21 Capital and reserves *(continued)*

All ordinary shares rank equally with regard to the Company's residual assets.

During the year ended 31 December 2023, the Company issued 535,634 shares of €0.01 per share at par, following the vesting of Awards granted in relation to the 2020 LTIP scheme and the December 2021 LTIP issue (note 9). During the year ended 31 December 2023, 47,488 ordinary shares were issued on maturity of the share options granted as part of the Share Save scheme in 2019. The weighted average exercise price at the date of exercise for options exercised during the year ended 31 December 2023 was €3.57 (2022: €2.28).

Dividends

On 6 October 2023, an interim dividend of 4 cents per share was paid at a total cost of €8.9 million (year ended 31 December 2022: €Nil).

On 28 February 2024, the Board proposed a final dividend of 8 cents per share. Based on shares in issue at 31 December 2023, the amount of dividends proposed is €17.9 million. This proposed dividend is subject to approval by the shareholders at the Annual General Meeting. The payment date for the final dividend will be 1 May 2024 to shareholders registered on the record date 5 April 2024. These consolidated financial statements do not reflect this dividend.

Nature and purpose of reserves

(a) Capital contribution and merger reserve

As part of a Group reorganisation in 2014, the Company became the ultimate parent entity of the then existing Group, when it acquired 100% of the issued share capital of DHGL Limited in exchange for the issue of 9,500 ordinary shares of €0.01 each. By doing so, it also indirectly acquired the 100% shareholdings previously held by DHGL Limited in each of its subsidiaries. As part of that reorganisation, shareholder loan note obligations (including accrued interest) of DHGL Limited were assumed by the Company as part of the consideration paid for the equity shares in DHGL Limited.

The fair value of the Group (as then headed by DHGL Limited) at that date was estimated at €40.0 million. The fair value of the shareholder loan note obligations assumed by the Company as part of the acquisition was €29.7 million and the fair value of the shares issued by the Company in the share exchange was €10.3 million.

The difference between the carrying value of the shareholder loan note obligations (€55.4 million) prior to the reorganisation and their fair value (€29.7 million) at that date represents a contribution from shareholders of €25.7 million which has been credited to a separate capital contribution reserve. Subsequently, all shareholder loan note obligations were settled in 2014, in exchange for shares issued in the Company.

The insertion of Dalata Hotel Group plc as the new holding company of DHGL Limited in 2014 did not meet the definition of a business combination under IFRS 3 *Business Combinations*, and, as a consequence, the acquired assets and liabilities of DHGL Limited and its subsidiaries continued to be carried in the consolidated financial statements at their respective carrying values as at the date of the reorganisation. The consolidated financial statements of Dalata Hotel Group plc were prepared on the basis that the Company is a continuation of DHGL Limited, reflecting the substance of the arrangement.

As a consequence, a merger reserve of €10.3 million (negative) arose in the consolidated statement of financial position. This represents the difference between the consideration paid for DHGL Limited in the form of shares of the Company, and the issued share capital of DHGL Limited at the date of the reorganisation which was a nominal amount of €95.

In September 2020, the Company completed a placing of new ordinary shares of €0.01 each in the share capital of the Company. 37.0 million ordinary shares were issued at €2.55 each which raised €92.0 million after costs of €2.4 million. The Group availed of merger relief to simplify future distributions and as a result, €91.6 million was recognised in the merger reserve being the difference between the nominal value of each share (€0.01 each) and the amount paid (€2.55 per share) after deducting costs of the share placing of €2.4 million.

(b) Share-based payment reserve

The share-based payment reserve comprises amounts equivalent to the cumulative cost of awards by the Group under equity-settled share-based payment arrangements, being the Group's Long Term Incentive Plans and the Share Save schemes. On vesting, the cost of awards previously recognised in the share-based payments reserve is transferred to retained earnings. Details of the share awards, in addition to awards which vested during the current year, are disclosed in note 9 and in the Remuneration Committee report.

21 Capital and reserves *(continued)*

(c) Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges, net of deferred tax.

(d) Revaluation reserve
The revaluation reserve relates to the revaluation of land and buildings in line with the Group's policy to fair value these assets at each reporting date (note 15), net of deferred tax.

(e) Translation reserve
The translation reserve comprises all foreign currency exchange differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation (note 27).

22 Trade and other payables

	2023 €'000	2022 €'000
Non-current liabilities		
Other payables	**348**	239
	348	239
Current liabilities		
Trade payables	**16,724**	17,645
Accruals	**45,839**	45,821
Contract liabilities	**13,459**	14,265
Value added tax	**4,957**	15,040
Payroll taxes	**3,641**	26,047
Tourist taxes	**1,429**	-
	86,049	118,818
Total	**86,397**	119,057

Accruals at 31 December 2023 include €6.2 million related to amounts not yet invoiced for capital expenditure and costs incurred on entering new leases and agreements for lease (31 December 2022: €9.1 million).

Value added tax and payroll taxes
Under the warehousing of tax liabilities legislation introduced by the Financial Provisions (Covid-19) (No. 2) Act 2020 and Finance Act 2020 (Act 26 of 2020) and amended by the Finance (Covid-19 and Miscellaneous Provisions) Act 2021, Irish VAT liabilities of €11.7 million and payroll tax liabilities of €23.2 million were deferred as at 31 December 2022. These liabilities were paid in full during the year ended 31 December 2023 (note 10).

Tourist taxes
Tourist taxes of €1.4 million are tax liabilities due relating to the Clayton Hotel Amsterdam American (2022: €Nil). The tourist tax is a charge on overnight visitors staying in hotels in the city charged at a rate of 12.5%.

23 Provision for liabilities

	2023 €'000	2022 €'000
Non-current liabilities		
Insurance provision	**6,656**	7,165
Current liabilities		
Insurance provision	**1,955**	2,014
	8,611	9,179

The reconciliation of the movement in the provision during the year is as follows:

	2023 €'000	2022 €'000
At 1 January	**9,179**	8,188
Provisions made during the year – charged to profit or loss	**2,500**	2,500
Utilised during the year	**(1,815)**	(859)
Impact of discounting – credited to profit or loss	**(326)**	(650)
Reversed to profit or loss during the year	**(927)**	-
At 31 December	**8,611**	9,179

This 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.

The self-insurance programme commenced in July 2015 and increasing levels of claims data is becoming available. Claim provisions are assessed in light of claims experience and amended accordingly to ensure provisions reflect recent experience and trends. There has been a reversal of €0.9m in the year ended 31 December 2023 of provisions made in prior periods (2022: €Nil).

24 Loans and borrowings

Non-current liabilities

	2023	2022
	€'000	€'000
Bank borrowings	**254,387**	193,488
Total loans and borrowings	**254,387**	193,488

The amortised cost of loans and borrowings at 31 December 2023 is €254.4 million (31 December 2022: €193.5 million). The drawn loan facility at 31 December 2023 is €258.7 million (31 December 2022: €199.0 million). This consists of Sterling term borrowings of £176.5 million (€203.1 million) at 31 December 2023 (2022: £176.5 million (€199.0 million)), Sterling Revolving Credit Facility ('RCF') borrowings of £44.9 million (€51.6 million) and Euro RCF borrowings of €4.0 million. The drawn RCF borrowings at 31 December 2023 were primarily utilised to fund business combinations (note 13) completed during the year ended 31 December 2023.

The undrawn loan facilities as at 31 December 2023 were €249.3 million (2022: €364.4 million). The decrease in the undrawn facilities during the year ended 31 December 2023 relates to the drawn RCF borrowings at 31 December 2023 of €55.6 million (2022: €Nil) and the expiry of €59.5 million of RCF on 30 September 2023.

As at 31 December 2023, the Group's debt facilities consist of a €200.0 million term loan facility and a €304.9 million RCF, both with a maturity date of 26 October 2025.

In accordance with the amended and restated facility agreement entered into by the Group on 2 November 2021 with its banking club, the Group's banking covenants have reverted to Net Debt to EBITDA, as defined in the Group's bank facility agreement which is equivalent to Net Debt to EBITDA after rent (APM (xv)), and Interest Cover (APM (xvi)) from 30 June 2023. This replaces the Net Debt to Value covenant and liquidity minimum covenants which were temporarily in place up to 30 June 2023. At 31 December 2023, the Net Debt to EBITDA covenant limit is 4.0x and the Interest Cover minimum is 4.0x. The Group's Net Debt to EBITDA for the year ended 31 December 2023 is 1.3x and Interest Cover is 19.5x. The Group is in compliance with its banking covenants as at 31 December 2023.

At 31 December 2023, property, plant and equipment, including fixtures, fittings and equipment in leased properties, with a carrying amount of €1,368.3 million (2022: €1,217.0 million) were pledged as security for loans and borrowings (**note 15**).

24 Loans and borrowings *(continued)*

Reconciliation of movements of liabilities to cash flows arising from financing activities for the year ended 31 December 2023.

	Liabilities				Equity		
	Loans and borrowings	Lease liabilities	Trade and other payables	Derivatives (net)	Share capital	Share premium	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance as at 31 December 2022	**193,488**	**651,791**	**119,057**	**(11,717)**	**2,229**	**504,910**	**1,459,758**
Changes from financing cash flows							
Vesting of share awards and options	-	-	-	-	6	169	175
Other interest and finance costs paid	(14,414)	-	(1,261)	6,949	-	-	(8,726)
Receipt of bank loans	120,648	-	-	-	-	-	120,648
Repayment of bank loans	(64,374)	-	-	-	-	-	(64,374)
Interest on lease liabilities	-	(42,751)	-	-	-	-	(42,751)
Repayment of lease liabilities	-	(10,747)	-	-	-	-	(10,747)
Total changes from financing cash flows	**41,860**	**(53,498)**	**(1,261)**	**6,949**	**6**	**169**	**(5,775)**
Liability-related other changes							
The effect of changes in foreign exchange rates	3,448	5,989	(480)	-	-	-	8,957
Changes in fair value	-	-	-	(1,753)	-	-	(1,753)
Interest expense on bank loans and borrowings	15,665	-	-	-	-	-	15,665
Other movements in loans and borrowings	(74)	-	1,152	-	-	-	1,078
Other movements in trade and other payables	-	-	(32,071)	-	-	-	(32,071)
Additions to lease liabilities during the year	-	375	-	-	-	-	375
Acquisition of lease liabilities through business combinations	-	43,382	-	-	-	-	43,382
Interest on lease liabilities	-	42,751	-	-	-	-	42,751
Remeasurement of lease liabilities	-	7,808	-	-	-	-	7,808
Total liability-related other changes	**19,039**	**100,305**	**(31,399)**	**(1,753)**	**-**	**-**	**86,192**
Balance as at 31 December 2023	**254,387**	**698,598**	**86,397**	**(6,521)**	**2,235**	**505,079**	**1,540,175**

Dividends paid of €8.9 million are excluded from financing cash flows in the above table and have no impact on opening or closing liabilities.

24 Loans and borrowings *(continued)*

Reconciliation of movements of liabilities to cash flows arising from financing activities for the year ended 31 December 2022.

	Liabilities				Equity		
	Loans and borrowings	Lease liabilities	Trade and other payables	Derivatives (net)	Share capital	Share premium	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance as at 31 December 2021	**313,533**	**481,926**	**84,688**	**197**	**2,229**	**504,895**	**1,387,468**
Changes from financing cash flows							
Vesting of share awards and options	-	-	-	-	-	15	15
Other interest and finance costs paid	(9,974)	-	(2,438)	179	-	-	(12,233)
Receipt of bank loans	11,973	-	-	-	-	-	11,973
Repayment of bank loans	(117,838)	-	-	-	-	-	(117,838)
Interest on lease liabilities	-	(38,101)	-	-	-	-	(38,101)
Repayment of lease liabilities	-	(9,324)	-	-	-	-	(9,324)
Total changes from financing cash flows	**(115,839)**	**(47,425)**	**(2,438)**	**179**	**-**	**15**	**(165,508)**
Liability-related other changes							
The effect of changes in foreign exchange rates	(12,290)	(16,299)	(787)	(10)	-	-	(29,386)
Changes in fair value	-	-	-	(12,083)	-	-	(12,083)
Interest expense on bank loans and borrowings	7,937	-	-	-	-	-	7,937
Other movements in loans and borrowings	147	-	-	-	-	-	147
Other movements in trade and other payables	-	-	37,594	-	-	-	37,594
Additions to lease liabilities during the year	-	185,061	-	-	-	-	185,061
Interest on lease liabilities	-	38,101	-	-	-	-	38,101
Remeasurement of lease liabilities	-	10,427	-	-	-	-	10,427
Total liability-related other changes	**(4,206)**	**217,290**	**36,807**	**(12,093)**	**-**	**-**	**237,798**
Balance as at 31 December 2022	**193,488**	**651,791**	**119,057**	**(11,717)**	**2,229**	**504,910**	**1,459,758**

Net debt is calculated in line with banking covenants and includes external loans and borrowings drawn and owed to the banking club as at 31 December 2023 (rather than the amortised cost of the loans and borrowings) less cash and cash equivalents. The below table also includes a reconciliation to net debt and lease liabilities.

24 Loans and borrowings *(continued)*

Reconciliation of movement in net debt for the year ended 31 December 2023

	Sterling facility £'000	Sterling facility €'000	Euro facility €'000	Total €'000
Loans and borrowings – drawn amounts				
At 1 January 2023	**176,500**	**199,001**	**-**	**199,001**
Cash flows				
Facilities drawn down	72,882	84,648	36,000	120,648
Loan repayments	(28,015)	(32,374)	(32,000)	(64,374)
Non-cash changes				
Effect of foreign exchange movements	-	3,448	-	3,448
At 31 December 2023	**221,367**	**254,723**	**4,000**	**258,723**

Cash and cash equivalents	
At 1 January 2023	91,320
Movement during the year	(57,147)
At 31 December 2023	**34,173**
Net debt at 31 December 2023	**224,550**

Reconciliation of net debt and lease liabilities

Net debt at 31 December 2023	**224,550**
Lease liabilities as at 1 January 2023	**651,791**
Acquisitions through business combinations	43,382
Additions	375
Interest on lease liabilities	42,751
Lease payments	(53,498)
Remeasurement of lease liabilities	7,808
Translation adjustment	5,989
Lease liabilities at 31 December 2023 (note 16)	**698,598**
Net debt and lease liabilities at 31 December 2023	**923,148**

24 Loans and borrowings *(continued)*

Reconciliation of movement in net debt for the year ended 31 December 2022

	Sterling facility £'000	Sterling facility €'000	Euro facility €'000	Total €'000
Loans and borrowings – drawn amounts				
At 1 January 2022	**266,500**	**317,156**	**-**	**317,156**
Cash flows				
Facilities drawn down	10,000	11,973	-	11,973
Loan repayments	(100,000)	(117,838)	-	(117,838)
Non-cash changes				
Effect of foreign exchange movements	-	(12,290)	-	(12,290)
At 31 December 2022	**176,500**	**199,001**	**-**	**199,001**

Cash and cash equivalents	
At 1 January 2022	41,112
Movement during the year	50,208
At 31 December 2022	**91,320**
Net debt at 31 December 2022	**107,681**

Reconciliation of net debt and lease liabilities

Net debt at 31 December 2022	**107,681**
Lease liabilities as at 1 January 2022	**481,926**
Additions	185,061
Interest on lease liabilities	38,101
Lease payments	(47,425)
Remeasurement of lease liabilities	10,427
Translation adjustment	(16,299)
Lease liabilities at 31 December 2022 (note 16)	**651,791**
Net debt and lease liabilities at 31 December 2022	**759,472**

25 Derivatives

The Group has entered into interest rate swaps with a number of financial institutions in order to manage the interest rate risks arising from the Group's borrowings (note 24). Interest rate swaps are employed by the Group to partially convert the Group's Sterling denominated borrowings from floating to fixed interest rates.

As at 31 December 2023, the Group holds four interest rate swaps which became effective on 26 October 2023 and will mature on 26 October 2024. These swaps hedge the SONIA benchmark rate on the Sterling term denominated borrowings of £176.5 million, fixing the SONIA benchmark rate between 0.95% and 0.96%.

The interest rate swaps that became effective on 26 October 2023 replaced four interest rate swaps which previously hedged the Sterling term denominated borrowings until their maturity date on 26 October 2023 as follows:

- Two interest rate swaps with an effective date of 3 February 2020 which hedged the SONIA benchmark rate on £101.5 million of the Sterling denominated borrowings for the period to the original maturity of the term borrowings on 26 October 2023. These swaps fixed the SONIA benchmark rate to 1.39%.
- Two interest rate swaps with an effective date of 26 October 2018 and a maturity date of 26 October 2023 which hedged the SONIA benchmark rate on £75.0 million of the entirety of the Sterling denominated borrowings. These swaps fixed the SONIA benchmark rate to 1.27% on a notional of £63.0 million and to 1.28% on a notional of £12.0 million of Sterling denominated borrowings.

As at 31 December 2023, the 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. All derivatives have been designated as hedging instruments for the purposes of IFRS 9.

Fair value

	2023 €'000	2022 €'000
Non-current assets		
Derivative assets	-	6,825
Current assets		
Derivative assets	**6,521**	4,892
Total derivative assets	**6,521**	11,717

	2023 €'000	2022 €'000
Included in other comprehensive income		
Fair value gain on interest rate swaps	**1,753**	12,093
Reclassified to profit or loss (note 7)	**(6,949)**	(179)
	(5,196)	11,914

The amount reclassified to profit or loss primarily represents the additional interest received by the Group as a result of the interest rate actual SONIA rates being higher than the swap rates.

26 Deferred tax

	2023 €'000	2022 €'000
Deferred tax assets	**24,136**	21,271
Deferred tax liabilities	**(84,441)**	(71,022)
Net deferred tax liabilities	**(60,305)**	(49,751)

	2023 €'000	2022 €'000
Movements in year		
At 1 January – net liability	**(49,751)**	(22,735)
Charge for year – to profit or loss (note 11)	**(460)**	(2,864)
Charge for year – to other comprehensive income	**(9,152)**	(24,152)
Acquired net deferred tax liabilities	**(942)**	-
At 31 December – net liability	**(60,305)**	(49,751)

Amendments to IAS 12, effective for reporting periods beginning on or after 1 January 2023, clarify that the initial recognition exemption of deferred tax assets and liabilities does not apply to transactions that give rise to equal and offsetting temporary differences. The IAS 12 amendments require separate presentation of deferred tax assets and liabilities arising on right-of-use assets and corresponding lease liabilities recognised under IFRS 16, with retroactive effect from 1 January 2022 (note 2). The impact of the amendments increases the gross deferred tax liabilities recognised in respect of ROU assets from €3.8 million to €61.1 million (2022: €3.5 million to €39.7 million) and the gross deferred tax assets recognised in respect of lease liabilities from €4.9 million to €62.2 million (2022: €2.6 million to €38.8 million). The changes to the deferred tax liabilities and deferred tax assets offset such that the net impact on the face of the Consolidated Statement of Financial Position and the net impact on retained earnings is nil. The deferred tax assets and liabilities related to leases are offset on an individual entity basis and presented net in the statement of financial position.

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. This is calculated using applicable Irish and UK corporation tax rates. The use of these rates, in line with the applicable accounting standards, reflects the intention of the Group to use these assets for ongoing trading purposes. Should the Group dispose of a property, the actual tax liability would be calculated with reference to rates for capital gains on commercial property.

The net deferred tax liabilities have increased from €71.0 million at 31 December 2022 to €84.4 million at 31 December 2023. This relates primarily to an increase in taxable gains recognised on properties held through other comprehensive income and other temporary differences on assets through profit or loss during the year ended 31 December 2023.

A deferred tax asset of €18.1 million (2022: €17.7 million) has been recognised in respect of cumulative tax losses and interest carried forward at 31 December 2023 of €73.7 million (31 December 2022: €75.4 million). The tax losses can be carried forward indefinitely for offset against future taxable profits and cannot be carried back for offset against profits earned in earlier periods.

The increase in the deferred tax asset recognised on tax losses and interest carried forward from €17.7 million at 31 December 2022 to €18.1 million at 31 December 2023, relates to the increase in foreign tax losses and interest recognised during the year ended 31 December 2023 partially offset by losses utilised in Ireland. The increase in the deferred tax asset recognised despite the decrease in the gross tax losses and interest carried forward is because a greater proportion of the losses are recognised at higher foreign tax rates in 2023. The Group utilised Irish tax losses carried forward of €6.2 million (tax impact €0.8 million) against profits arising during the year ended 31 December 2023.

26 Deferred tax *(continued)*

Included within the €73.7 million tax losses and interest carried forward at 31 December 2023, is a balance of €30.8 million (31 December 2022: €27.1 million) relating to interest expenses carried forward in the UK. In the UK, there is a limit on corporation tax deductions taken each year for interest expense incurred. The unused interest expense carried forward by the UK Group companies at 31 December 2023 can be carried forward indefinitely and offset against future taxable profits.

A deferred tax asset has been recognised in respect of Irish and foreign tax losses and interest, to the extent that it is probable that, after the carry back of tax losses to earlier periods, there will be sufficient taxable profits in future periods to utilise the carried forward tax losses and interest.

In considering the available evidence to support the recognition of the deferred tax asset, the Group takes into consideration the impact of both positive and negative evidence including historical financial performance, projections of future taxable income and the enacted tax legislation.

In preparing forecasts to determine future taxable profits, there are a number of positive factors underpinning the recoverability of the deferred tax assets:

- Prior to the Covid-19 pandemic, the Group displayed a history of profit growth every year. When normal trading resumed in 2022 the Group returned to profitability and currently forecasts that taxable profits will continue to be earned in future years against which losses can be offset
- The Group is confident that it is well positioned to take advantage of opportunities that will arise during 2024 and into the future, including the opening of a large pipeline of new hotels which will contribute particularly to the utilisation of UK tax losses, which can be carried forward and utilised on a Group basis. The Group added three hotels in 2023 (two in the UK and one in the Netherlands). The Group has six new hotels in the pipeline (five in the UK, one in Ireland), which will contribute to future growth.
- The absence of expiry dates for carrying forward foreign and Irish tax losses.

The Group also considered the relevant negative evidence in determining the recoverability of deferred tax assets:

- The quantum of profits required to be earned to utilise the tax losses carried forward; and
- Forecasts of future taxable profitability are subject to inherent uncertainty which is heightened due to the ongoing impact of operating cost increases, in particular payroll costs, and external geopolitical and economic factors outside of the Group's control.

Based on the Group's financial projections, the deferred tax asset of €0.4 million in respect of gross Irish tax losses carried forward of €2.8 million is estimated to be recovered in full by the year ending 31 December 2024. The deferred tax asset of €17.7 million in respect of gross foreign tax losses and interest expense carried forward of €71.4 million is estimated to be recovered in full by the year ending 31 December 2030, with the majority being recovered by the end of the year ending 31 December 2027.

The total tax losses on which deferred tax is not recognised at 31 December 2023 is €9.1 million (2022: €12.9 million). The tax effect of these unrecognised tax losses at 31 December 2023 is €2.3 million (2022: €3.3 million). These specific losses are not permitted to be group relieved and there is uncertainty over sufficient future profits arising in the respective Group companies to utilise the losses not recognised.

26 Deferred tax *(continued)*

Deferred tax arises from temporary differences relating to:

	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Acquired net deferred tax liabilities	Net deferred tax	Deferred tax assets	Deferred tax liabilities
	2023	2023	2023	2023	2023	2023	2023
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Property, plant and equipment	**(63,563)**	**(2,954)**	**(10,451)**	**(942)**	**(77,910)**	**1,081**	**(78,991)**
Leases	**(969)**	**2,109**	**-**	**-**	**1,140**	**62,243**	**(61,103)**
Tax losses and interest carried forward	**17,710**	**385**	**-**	**-**	**18,095**	**18,095**	**-**
Hedging reserve	**(2,929)**	**-**	**1,299**	**-**	**(1,630)**	**-**	**(1,630)**
Deferred tax (liabilities)/assets	**(49,751)**	**(460)**	**(9,152)**	**(942)**	**(60,305)**	**81,419**	**(141,724)**
Offsetting of temporary differences related to ROU assets and lease liabilities on individual entity basis	**-**	**-**	**-**	**-**	**-**	**(57,283)**	**57,283**
Net deferred tax (liabilities)/assets per statement of financial position	**(49,751)**	**(460)**	**(9,152)**	**(942)**	**(60,305)**	**24,136**	**(84,441)**

	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Acquired deferred tax liabilities	Net deferred tax	Deferred tax assets	Deferred tax liabilities
	2022	2022	2022	2022	2022	2022	2022
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
						Restated	Restated
Property, plant and equipment	(38,424)	(3,916)	(21,223)	-	(63,563)	1,025	(64,588)
Leases	(1,287)	318	-	-	(969)	38,771	(39,740)
Tax losses and interest carried forward	16,976	734	-	-	17,710	17,710	-
Hedging reserve	-	-	(2,929)	-	(2,929)	-	(2,929)
Deferred tax (liabilities)/assets	(22,735)	(2,864)	(24,152)	-	(49,751)	57,506	(107,257)
Offsetting of temporary differences related to ROU assets and lease liabilities on individual entity basis	-	-	-	-	-	(36,235)	36,235
Net deferred tax (liabilities)/assets per statement of financial position	(22,735)	(2,864)	(24,152)	-	(49,751)	21,271	(71,022)

The Group has multiple legal entities across the UK and Ireland that will not settle current tax liabilities and assets on a net basis and their assets and liabilities will not be realised on a net basis. Therefore, deferred tax assets and liabilities are recognised on an individual entity basis and are not offset on a Group or jurisdictional basis.

27 Financial instruments and 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.

The following tables show the carrying amount of Group financial assets and liabilities including their values in the fair value hierarchy for the year ended 31 December 2023. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. A fair value disclosure for lease liabilities is not required.

	Financial assets measured at fair value	Financial assets measured at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
	2023	2023	2023	2023	2023	2023	2023
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Financial assets							
Derivatives (note 25) - hedging instruments	**6,521**	**-**	**6,521**		**6,521**		**6,521**
Trade and other receivables excluding prepayments (note 18)	**-**	**21,339**	**21,339**				
Cash at bank and in hand (note 20)	**-**	**34,173**	**34,173**				
	6,521	**55,512**	**62,033**				

	Financial liabilities measured at fair value	Financial liabilities measured at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
	2023	2023	2023	2023	2023	2023	2023
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Financial liabilities							
Bank loans (note 24)	**-**	**(254,387)**	**(254,387)**		**(254,387)**		**(254,387)**
Trade and other payables and accruals (note 22)	**-**	**(62,911)**	**(62,911)**				
	-	**(317,298)**	**(317,298)**				

27 Financial instruments and risk management *(continued)*

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

	Financial assets measured at fair value	Financial assets measured at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
	2022	2022	2022	2022	2022	2022	2022
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Financial assets							
Derivatives (note 25) - hedging instruments	11,717	-	11,717		11,717		11,717
Trade and other receivables excluding prepayments (note 18)	-	24,574	24,574				
Cash at bank and in hand (note 20)	-	91,320	91,320				
	11,717	115,894	127,611				

	Financial liabilities measured at fair value	Financial liabilities measured at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
	2022	2022	2022	2022	2022	2022	2022
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Financial liabilities							
Bank loans (note 24)	-	(193,488)	(193,488)		(193,488)		(193,488)
Trade and other payables and accruals (note 22)	-	(63,705)	(63,705)				
	-	(257,193)	(257,193)				

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 in Level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial instrument that are not based on observable market data (unobservable inputs).

The Group's policy is to recognise any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer occurred. During the year ended 31 December 2023, there were no reclassifications of financial instruments and no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments.

Estimation of fair values

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

Cash at bank and in hand

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

27 Financial instruments and risk management *(continued)*

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

Bank loans
For bank loans, the fair value was 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 interest-bearing loans and borrowings is considered to be a reasonable approximation of fair value. There is no material difference between margins available in the market at year end and the margins that the Group was paying at the year end.

(a) Credit risk
Exposure to credit risk
Credit risk is the risk of financial loss to the Group arising from granting credit to customers and from investing cash and cash equivalents with banks and financial institutions.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group is due €0.5 million (2022: €0.5 million) from a key institutional landlord under a contractual agreement where the landlord reimburses the Group for certain amounts spent on capital expenditure in that specific property. Non-current receivables include rent deposits of €2.3 million (2022: €2.3 million) owed by two landlords at the end of the lease term (note 18). Other than this, there is no concentration of credit risk or dependence on individual customers due to the large number of customers. 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.

The ageing profile of trade receivables at 31 December 2023 is provided in note 18. Management does not expect any significant losses from trade receivables, apart from those provided for in note 18, contract assets, accrued income or other receivables.

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 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 year ended 31 December 2023, cash and cash equivalents were held in line within predetermined limits depending on the credit rating of the relevant bank or financial institution.

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

	Carrying amount 2023 €'000	Carrying amount 2022 €'000
Trade receivables	**10,830**	13,816
Other receivables	**2,828**	3,984
Contract assets	**4,612**	4,465
Accrued income	**3,069**	2,309
Cash at bank and in hand	**34,173**	91,320
	55,512	115,894

27 Financial instruments and 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 year ended 31 December 2023 saw the Group trade strongly and continue the execution of its growth strategy. The strong trade, the full year impact of hotels added during 2022 and the addition of three hotels during 2023 has led to an increase in Group revenue from hotel operations from €515.7 million to €607.7 million, as well as net cash generated from operating activities in the year of €171.4 million (2022: €207.9 million).

The Group remains in a very strong financial position with significant financial headroom. The Group is in full compliance with its covenants at 31 December 2023. The key covenants relate to Net Debt to EBITDA, as defined in the Group's bank facility agreement which is equivalent to Net Debt to EBITDA after rent, (see APM (xv) in Supplementary Financial Information section) and Interest Cover (see APM (xvi) in Supplementary Financial Information section). As per the amended and restated facility agreement of 2 November 2021, the Group was tested under Net Debt to Value and minimum liquidity covenants at 31 December 2022 but reverted to the 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 from 30 June 2023. The Net Debt to EBITDA covenant limit is 4.0 times and the Interest Cover minimum is 4.0 times. At 31 December 2023, Net Debt to EBITDA after rent for the Group is 1.3x and Interest Cover is 19.5 times (note 24).

During the year ended 31 December 2023, the Group incurred expenditure in completing the acquisitions of Clayton Hotel London Wall and Clayton Hotel Amsterdam American (note 13), the freehold interest of the newly built Maldron Hotel Finsbury Park, London, and a building conversion opportunity in Edinburgh. The Group utilised a mixture of funds generated from Free Cashflow and RCF borrowings to finance these acquisitions. RCF borrowings increased to €55.6 million as at 31 December 2023 (31 December 2022: €Nil) and cash at bank and in hand decreased to €34.2 million as at 31 December 2023 (31 December 2022: €91.3 million) which partially relates to the expenditure incurred on completion of these acquisitions during the year (note 24).

The Group monitors its Debt and Lease Service Cover (see APM (xiii) in Supplementary Financial Information section), which is 3.0 times for the year ended 31 December 2023 (31 December 2022: 3.1 times), in order to monitor gearing and liquidity taking into account both bank and lease financing. The Group have prepared financial projections and subjected them to scenario testing which also supports ongoing liquidity risk assessment and management. Further detail of this is disclosed in the Viability Statement.

The following are the contractual maturities of the Group's financial liabilities at 31 December 2023, including estimated undiscounted interest payments. In the below table, bank loans are repaid in line with their maturity dates, even though the Group has the flexibility to repay and draw the RCF throughout the term of the facilities which would improve its liquidity position. The non-cancellable undiscounted lease cashflows payable under lease contracts are set out in note 16.

		Contractual cashflows				
	Carrying value 2023	**Total 2023**	**6 months or less**	**6 – 12 months**	**1 – 2 years**	**2 – 5 years**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Bank loans	**(254,387)**	**(281,042)**	**(8,347)**	**(7,978)**	**(264,717)**	**-**
Trade and other payables and accruals	**(62,911)**	**(62,911)**	**(62,563)**	**-**	**(348)**	**-**
	(317,298)	**(343,953)**	**(70,910)**	**(7,978)**	**(265,065)**	**-**

27 Financial instruments and risk management *(continued)*

The equivalent disclosure for the prior year is as follows:

			Contractual cashflows			
	Carrying value 2022 €'000	Total 2022 €'000	6 months or less €'000	6 – 12 months €'000	1 – 2 years €'000	2 – 5 years €'000
Bank loans	(193,488)	(221,630)	(3,977)	(4,042)	(8,041)	(205,570)
Trade and other payables and accruals	(63,705)	(63,705)	(63,466)	-	(239)	-
	(257,193)	(285,335)	(67,443)	(4,042)	(8,280)	(205,570)

(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.

(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 (note 25) which hedge the variability in cash flows attributable to interest rate risk. All such transactions are carried out within the guidelines set by the Board. The Group seeks to apply hedge accounting to manage volatility in profit or loss.

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

As at 31 December 2023, the 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.

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

	Nominal amount	
	2023 €'000	2022 €'000
Variable rate instruments		
Financial liabilities – borrowings	**258,723**	199,001
Effect of interest rate swaps	**(203,095)**	(199,001)
	55,628	-

These interest-bearing financial liabilities do not equate to amortised cost of loans and borrowings and instead represent the drawn amounts of loans and borrowings which are owed to external lenders.

The weighted average interest rate for 2023 was 3.20% (2022: 3.61%), of which 1.46% (2022: 2.38%) related to margin.

The interest expense for the year ended 31 December 2023 has been sensitised in the following tables for a reasonably possible change in variable interest rates.

27 Financial instruments and risk management *(continued)*

In relation to the upward sensitivity, the Group believes that a reasonable change in the Sterling variable interest rate would be an uplift in the SONIA rate plus spread to 5.3% and for the Euro variable interest rate an uplift in the EURIBOR rate to 3.9%.

In relation to the downward sensitivity, the Group has used an interest rate of zero as there is a floor embedded in the loan facilities, which prevents the Group from benefiting from any reduction in rates sub-zero, however, it results in an additional interest cost for the Group on hedged loans.

At 31 December 2023, all Sterling term borrowings (£176.5 million) up to 26 October 2024 were hedged with interest rate swaps. The Group does not currently hedge its variable interest rates on its Sterling RCF or Euro RCF.

The following table shows the sensitised weighted average interest rates where the variable rate is sensitised upwards or downwards. The weighted average interest rate includes the impact of hedging on hedged portions of the underlying loans. Changes in SONIA rates have had a minimal impact due to the majority of Sterling borrowings being hedged (note 24). The impact on profit or loss is shown hereafter. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	2023 actual weighted average variable benchmark rate	Sensitised weighted average as a result of upward sensitivity	Sensitised weighted average as a result of downward sensitivity
Euro variable rate	**3.02%**	**3.93%**	**0.00%**
Sterling variable rate	**1.72%**	**1.74%**	**1.14%**

	2022 actual weighted average variable benchmark rate	Sensitised weighted average as a result of upward sensitivity	Sensitised weighted average as a result of downward sensitivity
Sterling variable rate	1.23%	2.02%	1.08%

Cash flow sensitivity analysis for variable rate instruments

	Effect on profit or loss	
	Increase in rate	Decrease in rate
	€'000	€'000
2023		
(Increase)/decrease in interest on loans and borrowings	**(71)**	**1,487**
Decrease/(increase) in tax charge	**9**	**(186)**
(Decrease)/increase in profit	**(62)**	**1,301**
2022		
(Increase)/decrease in interest on loans and borrowings	(2,551)	484
Decrease/(increase) in tax charge	319	(60)
(Decrease)/increase in profit	(2,232)	424

Contracted maturities of estimated interest payments from swaps

The following table indicates the periods in which the cash flows associated with the interest rate swaps are expected to occur and the carrying amounts of the related hedging instruments for the year ended 31 December 2023. A positive cash flow in the below table indicates the variable rate for interest rate swaps, based on current forward curves, is forecast to be higher than fixed rates. The below amounts only refer to the undiscounted interest forecasted to be incurred under the interest rate swap assets.

27 Financial instruments and risk management *(continued)*

		31 December 2023		
	Carrying amount	Total	12 months or less	More than 1 year
	€'000	€'000	€'000	€'000
Interest rate swaps				
Assets	**6,521**	**7,573**	**7,573**	**-**

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to impact profit or loss and the carrying amounts of the related hedging instruments for the year ended 31 December 2023. A positive cash flow in the table indicates the variable rate for interest rate swaps, based on current forward curves, is forecast to be higher than fixed rates. The below amounts only refer to the undiscounted interest forecasted to be incurred under the interest rate swap assets.

		31 December 2023		
	Carrying amount	Total	12 months or less	More than 1 year
	€'000	€'000	€'000	€'000
Interest rate swaps				
Assets	**6,521**	**7,573**	**7,573**	**-**

The following table indicates the periods in which the cash flows associated with the interest rate swaps are expected to occur and the carrying amounts of the related hedging instruments for the year ended 31 December 2022:

		31 December 2022		
	Carrying amount	Total	12 months or less	More than 1 year
	€'000	€'000	€'000	€'000
Interest rate swaps				
Assets	11,717	12,672	7,050	5,622

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to impact profit or loss and the carrying amounts of the related hedging instruments for the year ended 31 December 2022:

		31 December 2022		
	Carrying amount	Total	12 months or less	More than 1 year
	€'000	€'000	€'000	€'000
Interest rate swaps				
Assets	11,717	12,672	7,050	5,622

(ii) Foreign currency risk

As per the Risk Management section of the annual report, the Group is exposed to 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.

27 Financial instruments and risk management *(continued)*

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 acquisitions and developments in the UK by obtaining funding through external borrowings denominated in Sterling. These borrowings amounted to £221.4 million (€254.7 million) at 31 December 2023 (2022: £176.5 million (€199.0 million)) and are designated as net investment hedges. The net investment hedge was fully effective during the year.

This enables gains and losses arising on retranslation of those foreign currency borrowings to be recognised in Other Comprehensive Income, providing a partial offset in reserves against the gains and losses arising on translation of the net assets of those UK operations.

Sensitivity analysis on transactional risk

The Group performed a sensitivity analysis on the impact on the Group's profit after tax and equity had foreign exchange rates been different. The Group has reviewed the historical average monthly Euro/Sterling foreign exchange rates for the previous fifteen years. The lowest average foreign exchange rate of 0.71 has been used in calculating the impact of Euro weakening against Sterling as it is reflective of a period of market volatility due to strong economic growth. On the upward sensitivity, due to volatility in the market, the Group have used a Euro/Sterling foreign exchange rate of 1 (parity) in the sensitivity.

	Profit		Equity	
	Strengthening of Euro	Weakening of Euro	Strengthening of Euro	Weakening of Euro
	€'000	€'000	€'000	€'000
Decrease/(increase) in interest costs on Sterling loans	1,138	(1,885)	1,138	(1,885)
Impact on tax charge	(142)	236	(142)	236
Increase/(decrease) in profit	**996**	**(1,649)**		
Increase/(decrease) in equity			**996**	**(1,649)**

(d) Capital management

The Group's policy is to maintain a strong capital base to preserve 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 internal rate of return of at least 15% on investments and typically a rent cover of 1.85 times in year three for leased assets.

Typically, the Group monitors capital using a ratio of Net Debt to EBITDA after rent which excludes the effects of IFRS 16, in line with its banking covenants. This is calculated based on the prior 12-month period. The Net Debt to EBITDA after rent as at 31 December 2023 is 1.3 times (31 December 2022: 0.8 times).

The Group also monitors Net Debt and Lease Liabilities to Adjusted EBITDA which, at 31 December 2023, is 4.1x (31 December 2022: 4.1x) (APM (viii)).

The Group's approach to capital management has ensured that it continues to maintain a very strong financial position and an appropriate level of gearing.

28 Commitments

Section 357 Companies Act 2014
Dalata Hotel Group plc, as the parent company of the Group and for the purposes of filing exemptions referred to in Section 357 of the Companies Act 2014, has entered into guarantees in relation to the liabilities and commitments of the Republic of Ireland registered subsidiary companies which are listed below:

Suvanne Management Limited	Candlevale Limited
Carasco Management Limited	DHG Arden Limited
Heartside Limited	Merzolt Limited
Palaceglen Limited	Pondglen Limited
Songdale Limited	Lintal Commercial Limited
Amelin Commercial Limited	Pillo Hotels Limited
DHG Burlington Road Limited	Loadbur Limited
Dalata Support Services Limited	DHG Cordin Limited
Bernara Commercial Limited	Leevlan Limited
Adelka Limited	Fonteyn Property Holdings Limited
DS Charlemont Limited	DHG Dalton Limited
DHG Barrington Limited	DHG Glover Limited
Fonteyn Property Holdings No. 2 Limited	DHG Harton Limited
DHG Eden Limited	DHG Indigo Limited
Galsay Limited	DHG Fleming Limited
Williamsberg Property Limited	

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

	2023	2022
	€'000	€'000
Contracted but not provided for	**20,569**	24,875

This relates primarily to the construction of a new hotel in Shoreditch, London (€9.6 million) which is contractually committed. It also includes committed capital expenditure at other hotels in the Group.

The Group 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 turnover on capital expenditure in respect of fixtures, fittings and equipment in the leased hotels over the life of the lease. The Group has estimated this commitment to be €77.3 million (31 December 2022: €71.2 million) spread over the life of the various leases with the majority ranging in length from 18 years to 34 years. The turnover figures used in this estimate are based on 2024 budgeted revenues.

29 Related party transactions

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

Remuneration of key management
Key management is defined as the Directors of the Company and does not extend to any other members of the Executive Management Team. The compensation of key management personnel is set out in the Remuneration Committee report. In addition, the share-based payments expense for key management in 2023 was €0.9 million (2022: €0.8 million).

There are no other related party transactions requiring disclosure in accordance with IAS 24 in these consolidated financial statements.

30 Subsequent events

On 28 February 2024, the Board proposed a final dividend of 8 cents per share. Based on shares in issue at 31 December 2023, the amount of dividends proposed is €17.9 million. This proposed dividend is subject to approval by the shareholders at the Annual General Meeting. The payment date for the final dividend will be 1 May 2024 to shareholders registered on the record date 5 April 2024. These consolidated financial statements do not reflect this dividend.

On 16 February 2024, the Group signed an agreement for lease with the landlord of Clayton Hotel Manchester Airport to extend the current lease term from the remaining 61 years to 200 years in total. The new lease is conditional on the receipt of a grant of planning permission for a 216 bedroom extension to be developed by the Group.

31 Subsidiary undertakings

A list of all subsidiary undertakings at 31 December 2023 is set out below:

			Ownership	
Subsidiary undertaking	**Country of Incorporation**	**Activity**	**Direct**	**Indirect**
DHG Glover Limited[1]	Ireland	Holding company	100%	-
DHG Fleming Limited[1]	Ireland	Financing company	100%	-
DHG Harton Limited[1]	Ireland	Holding company	100%	-
DHGL Limited[1]	Ireland	Holding company	-	100%
Dalata Limited[1]	Ireland	Holding company	-	100%
Hanford Commercial Limited[1]	Ireland	Hotel and catering	-	100%
Anora Commercial Limited[1]	Ireland	Hotel and catering	-	100%
Ogwell Limited[1]	Ireland	Hotel and catering	-	100%
Caruso Limited[1]	Ireland	Hotel and catering	-	100%
C I Hotels Limited[1]	Ireland	Hotel and catering	-	100%
Tulane Business Management Limited[1]	Ireland	Hotel and catering	-	100%
Dalata Support Services Limited[1]	Ireland	Hotel management	-	100%
Fonteyn Property Holdings Limited[1]	Ireland	Hotel management	-	100%
Fonteyn Property Holdings No. 2 Limited[1]	Ireland	Hotel and catering	-	100%
Suvanne Management Limited[1]	Ireland	Hotel and catering	-	100%
Carasco Management Limited[1]	Ireland	Hotel and catering	-	100%
Amelin Commercial Limited[1]	Ireland	Hotel and catering	-	100%

31 Subsidiary undertakings *(continued)*

Subsidiary undertaking	Country of Incorporation	Activity	Ownership Direct	Ownership Indirect
Lintal Commercial Limited[1]	Ireland	Hotel and catering	-	100%
Bernara Commercial Limited[1]	Ireland	Property investment	-	100%
Pillo Hotels Limited[1]	Ireland	Dormant company	-	100%
Loadbur Limited[1]	Ireland	Hotel and catering	-	100%
Heartside Limited[1]	Ireland	Hotel and catering	-	100%
Pondglen Limited[1]	Ireland	Hotel and catering	-	100%
Candlevale Limited[1]	Ireland	Hotel and catering	-	100%
Songdale Limited[1]	Ireland	Hotel and catering	-	100%
Palaceglen Limited[1]	Ireland	Hotel and catering	-	100%
Adelka Limited[1]	Ireland	Property holding company	-	100%
Leevlan Limited[1]	Ireland	Hotel and catering	-	100%
DHG Arden Limited[1]	Ireland	Hotel and catering	-	100%
DHG Barrington Limited[1]	Ireland	Hotel and catering	-	100%
DHG Cordin Limited[1]	Ireland	Hotel and catering	-	100%
DS Charlemont Limited[1]	Ireland	Hotel and catering	-	100%
Galsay Limited[1]	Ireland	Hotel and catering	-	100%
Merzolt Limited[1]	Ireland	Hotel and catering	-	100%
DHG Burlington Road Limited[1]	Ireland	Hotel and catering	-	100%
DHG Eden Limited[1]	Ireland	Hotel and catering	-	100%
DHG Dalton Limited[1]	Ireland	Property holding company	-	100%
Williamsberg Property Limited[1]	Ireland	Hotel and catering	-	100%
DHG Indigo Limited[1]	Ireland	Holding company	-	100%
DHG Belfast Limited[2]	N Ireland	Hotel and catering	-	100%
DHG Derry Limited[2]	N Ireland	Hotel and catering	-	100%
DHG Derry Commercial Limited[2]	N Ireland	Dormant company	-	100%
DHG Brunswick Limited[2]	N Ireland	Hotel and catering	-	100%
Dalata UK Limited[3]	UK	Holding company	-	100%
Dalata Cardiff Limited[3]	UK	Hotel and catering	-	100%
Trackdale Limited[3]	UK	Hotel and catering	-	100%
Islandvale Limited[3]	UK	Dormant company	-	100%
Crescentbrook Limited[3]	UK	Hotel and catering	-	100%

31 Subsidiary undertakings *(continued)*

Subsidiary undertaking	Country of Incorporation	Activity	Ownership Direct	Ownership Indirect
Hallowridge Limited[3]	UK	Hotel and catering	-	100%
Rush (Central) Limited[3]	UK	Property holding company	-	100%
Hotel La Tour Birmingham Limited[3]	UK	Hotel and catering	-	100%
SRD (Trading) Limited[3]	UK	Hotel and catering	-	100%
SRD (Management) Limited[3]	UK	Hotel and catering	-	100%
DHG Finsbury Park Limited[3]	UK	Hotel and catering	-	100%
DHG Castle Limited[3]	UK	Hotel and catering	-	100%
DHG Phoenix Limited[3]	UK	Property holding company	-	100%
Hintergard Limited[4]	Jersey	Property holding company	-	100%
Dalata Deutschland Holding GmbH[5]	Germany	Holding company	-	100%
Dalata Deutschland Hotelbetriebs GmbH[5]	Germany	Hotel and catering	-	100%
American Hotel Exploitatie B.V. [6]	Netherlands	Hotel and catering	-	100%
DHG Amsterdam B.V. [6]	Netherlands	Holding company	-	100%

1. The registered address of these companies is Termini, 3 Arkle Road, Sandyford Business Park, Dublin 18, D18C9C5.
2. The registered address of these companies is Butcher Street, Londonderry, County Derry BT48 6HL, UK.
3. The registered address of these companies is St Mary Street, Cardiff, Wales, CF10 1GD, UK.
4. The registered address of this company is 12 Castle Street, St Helier Jersey, JE2 3RT.
5. The registered address of this company is Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany.
6. The registered address of this company is Leidsekade 97, 1017 PN Amsterdam, Netherlands.

During the 2023 year the registered address for the Irish subsidiary undertakings was changed from 4th Floor, Burton Court, Burton Hall Drive, Sandyford, Dublin 18 to Termini, 3 Arkle Road, Sandyford Business Park, Dublin 18.

32 Earnings per share

Basic earnings per share is computed by dividing the profit for the year available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is computed by dividing the profit for the year available to ordinary shareholders by the weighted average number of ordinary shares outstanding and, when dilutive, adjusted for the effect of all potentially dilutive shares.

The following table sets out the computation for basic and diluted earnings per share for the years ended 31 December 2023 and 31 December 2022.

	2023	2022
Profit attributable to shareholders of the parent (€'000) – basic and diluted	**90,222**	96,725
Adjusted profit attributable to shareholders of the parent (€'000) – basic and diluted	**93,213**	70,557
Earnings per share – Basic	**40.4 cents**	43.4 cents
Earnings per share – Diluted	**39.9 cents**	43.2 cents
Adjusted earnings per share – Basic	**41.7 cents**	31.7 cents
Adjusted earnings per share – Diluted	**41.2 cents**	31.5 cents
Weighted average shares outstanding – Basic	**223,299,760**	222,867,676
Weighted average shares outstanding – Diluted	**226,396,287**	223,849,560

32 Earnings per share *(continued)*

The difference between the basic and diluted weighted average shares outstanding for the year ended 31 December 2023 is due to the dilutive impact of the conditional share awards granted in 2020, 2021, 2022 and 2023. For the year ended 31 December 2022, the difference between basic and diluted EPS is due to the dilutive impact of the conditional share awards granted in 2020, 2021 and 2022.

Adjusted earnings per share (basic and diluted) 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 distort comparability either year on year or with other similar businesses (note 3).

	2023 €'000	2022 €'000
Reconciliation to adjusted profit for the year		
Profit before tax	**105,532**	109,657
Adjusting items (note 3)		
Net property revaluation movements through profit or loss	**(2,025)**	(21,166)
Net reversal of previous impairment charges of right-of-use assets	**-**	(4,101)
Net reversal of previous impairment charges of fixtures, fittings and equipment	**-**	(624)
Income from sale of Merrion Road residential units	**-**	(42,532)
Release of costs capitalised for Merrion Road residential units	**-**	40,998
Gain on disposal of property, plant and equipment	**-**	(3,877)
Hotel pre-opening expenses	**497**	2,666
Acquisition-related costs	**4,389**	-
Adjusted profit before tax	**108,393**	81,021
Tax charge (note 11)	**(15,310)**	(12,932)
Adjusting items in tax charge		
Tax adjustment for adjusting items	**130**	2,468
Adjusted profit for the year	**93,213**	70,557

33 Approval of the financial statements

The financial statements were approved by the Directors on 28 February 2024.

Supplementary Financial Information

Alternative Performance Measures (‘APMs’) 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 consolidated 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 consolidated 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 consolidated financial statements. A summary definition of these APMs together with the reference to the relevant note in the consolidated financial statements where they are reconciled is included below. Also included below is information pertaining to certain APMs which are not mentioned within the consolidated 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 consolidated financial statements. References to the consolidated financial statements are included as applicable.

(i) Adjusting items

Items which are not reflective of normal trading activities or distort comparability either year on year or with other similar businesses. The adjusting items are disclosed in note 3 and note 32 to the consolidated financial statements. Adjusting items with a cash impact are set out in APM xi below.

(ii) Adjusted EBITDA

Adjusted EBITDA is an APM representing earnings before interest on lease liabilities, other interest and finance costs, tax, depreciation of property, plant and equipment and right-of-use assets and amortisation of intangible assets, adjusted to show the underlying operating performance of the Group and excludes items which are not reflective of normal trading activities or which distort comparability either year on year or with other similar businesses.
Reconciliation: Note 3

(iii) EBITDA and Segmental 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. Also referred to as Group EBITDA.
Reconciliation: Note 3

Segmental EBITDA represents ‘Adjusted EBITDA’ before central costs, share-based payments expense and other income for each of the reportable segments: Dublin, Regional Ireland, the UK and Continental Europe. It is presented to show the net operational contribution of leased and owned hotels in each geographical location. Also referred to as Hotel EBITDA.
Reconciliation: Note 3

(iv) EBITDAR and Segmental 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.

Segmental EBITDAR represents Segmental EBITDA before variable lease costs for each of the reportable segments: Dublin, Regional Ireland, the UK and Continental Europe. It is presented to show the net operational contribution of leased and owned hotels in each geographical location before lease costs. Also referred to as Hotel EBITDAR.
Reconciliation: Note 3

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

Adjusted EPS (basic and diluted) is presented as an APM 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 year on year or with other similar businesses.
Reconciliation: Note 32

(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 year end (rather than the amortised cost of the loans and borrowings), less cash and cash equivalents.

Reconciliation: Refer below

(vii) Net Debt and Lease Liabilities

Net Debt (see definition vi) plus Lease Liabilities at year end.

Reconciliation: Refer below

(viii) 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 year. This APM is presented to show the Group's financial leverage after including the accounting estimate of lease liabilities following the application of IFRS 16 *Leases*.

Reconciliation: Refer below

(ix) Net Debt to Value

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

Reconciliation: Refer below

Reconciliation of Net Debt APMs - definitions (vi), (vii), (viii), (ix)		**Reference in financial statements**	**31 Dec 2023 €'000**	31 Dec 2022 €'000
Loans and borrowings at amortised cost		Statement of financial position	**254,387**	193,488
Accounting adjustment to bring to amortised cost			**4,336**	5,513
External loans and borrowings drawn		Note 24	**258,723**	199,001
Less cash and cash equivalents		Statement of financial position	**(34,173)**	(91,320)
Net Debt (APM vi)	A	Note 24	**224,550**	107,681
Lease Liabilities - current and non-current		Statement of financial position	**698,598**	651,791
Net Debt and Lease Liabilities (APM vii)	B	Note 24	**923,148**	759,472
Adjusted EBITDA (APM ii)	C	Note 3	**223,108**	183,430
Net Debt and Lease Liabilities to Adjusted EBITDA (APM viii)	B/C		**4.1x**	4.1x
Valuation of property assets as provided by external valuers[1]	D		**1,545,314**	1,337,088
Net Debt to Value (APM ix)	A/D		**14.5%**	8.1%

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

(x) Lease Modified Net Debt to Adjusted EBITDA

Lease Modified Net Debt, defined as Net Debt (see definition vi) plus eight times the Group's lease cash flow commitment, divided by 'Adjusted EBITDA' (see definition ii) for the year. The Group's lease cash flow commitment is based on its non-cancellable undiscounted lease cash flows payable under existing lease contracts for the next financial year as presented in note 16.

Reconciliation: Refer below

Reconciliation of Lease Modified Net Debt to Adjusted EBITDA APM - definition (x)		**Reference in financial statements**	**31 Dec 2023 €'000**	31 Dec 2022 €'000
Non-cancellable undiscounted lease cash flows payable under lease contracts in the next financial year	A	Note 16	**57,603**	51,777
Modified Lease Debt	B=A*8		**460,824**	414,216
Net Debt (APM vi)	C		**224,550**	107,681
Lease Modified Net Debt	D=B+C		**685,374**	521,897
Adjusted EBITDA (APM ii)	E	Note 3	**223,108**	183,430
Lease Modified Net Debt to Adjusted EBITDA (APM x)	D/E		**3.1x**	2.8x

(xi) Free Cashflow

Net cash from operating activities less amounts paid for interest, finance costs, refurbishment capital expenditure, fixed lease payments and after adding back the cash paid in respect of items that are deemed one-off and thus not reflecting normal trading activities or distorting comparability either year on year 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

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

FCPS for LTIP performance measure purposes has been adjusted to exclude the impact of items that are deemed one-off and thus not reflecting normal trading activities or distorting comparability either year on year or with other similar businesses. The Group takes this approach 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

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

Reconciliation of APMs (xi), (xii), (xiii)		**Reference in financial statements**	**2023 €'000**	2022 €'000
Net cash from operating activities		Statement of cash flows	**171,379**	207,860
Other interest and finance costs paid		Statement of cash flows	**(8,726)**	(12,233)
Refurbishment capital expenditure paid			**(26,050)**	(15,836)
Fixed lease payments:				
- Interest paid on lease liabilities		Statement of cash flows	**(42,751)**	(38,101)
- Repayment of lease liabilities		Statement of cash flows	**(10,747)**	(9,324)
			83,105	132,366
Exclude adjusting items with a cash effect:				
Net impact from tax deferrals from government Covid-19 support schemes[1]		Note 22	**34,917**	(8,531)
2022 corporation tax payment in 2023[2]			**10,451**	-
Acquisition-related costs		Note 3	**4,389**	-
Pre-opening costs		Note 3	**497**	2,666
Free Cashflow (APM xi)	A		**133,359**	126,501
Weighted average shares outstanding – basic	B	Note 32	**223,299,760**	222,867,676
Free Cashflow per Share (APM xii) – cents	**A/B**		**59.7**	56.8
Total lease costs paid[3]			**57,373**	48,537
Other interest and finance costs paid		Statement of cash flows	**8,726**	12,233
Total lease costs, interest and finance costs paid	C		**66,099**	60,770
Free Cashflow before lease and finance costs	D=A+C		**199,458**	187,271
Debt and Lease Service Cover (APM xiii)	**D/C**		**3.0x**	3.1x

[1] During the year, the Group paid deferred VAT and payroll tax liabilities totalling €34.9 million under the Debt Warehousing scheme in the Republic of Ireland. This non-recurring initiative was introduced under Irish government Covid-19 support schemes and allowed the temporary retention of an element of taxes collected between March 2020 and May 2022 to assist businesses who experienced cashflow and trading difficulties during the pandemic.
[2] During the year, the Group paid €10.5 million of Irish corporation tax relating to the 2022 financial year due to available payment schedule following pandemic losses.
[3] Total lease costs paid comprises payments of fixed and variable lease costs during the year.

(xiv) Normalised Return on Invested Capital
Adjusted EBIT after rent divided by the Group's average normalised invested capital. The Group defines normalised invested capital as total assets less total liabilities at the year end and excludes the accumulated revaluation gains/losses included in property, plant and equipment, loans and borrowings, cash and cash equivalents, derivative financial instruments and taxation related balances. The Group also excludes the impact of deferred VAT and payroll tax liabilities which were payable at prior year end as these were quasi-debt in nature, and the investment in the construction of future assets. The Group's net assets are adjusted to reflect the average level of acquisition investment spend and the average level of working capital for the accounting period. In most years, the average normalised invested capital is the average of the opening and closing normalised invested capital for the year.

Adjusted EBIT after rent represents the Group's operating profit for the year restated to remove the impact of adjusting items (see definition i) and to replace 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 meaningful understanding of the underlying financial and operating performance of the Group.
Reconciliation: Refer below

(xiv) Normalised Return on Invested Capital *(continued)*

Reconciliation of APM (xiv)		Reference in financial statements	2023 €'000	2022 €'000
Operating profit		Statement of comprehensive income	**156,143**	155,527
Add back/(less):				
Total adjusting items as per the financial statements		Note 3	**2,861**	(28,636)
Depreciation of right-of-use assets		Note 3	**30,663**	27,503
Movement in amortisation of intangible assets if IAS 17 still applied			**5**	(46)
Fixed lease costs (see glossary)			**(53,531)**	(46,330)
Amortisation of lease costs			**(813)**	(757)
Adjusted EBIT after rent	A		**135,328**	107,261
Net assets at balance sheet date		Statement of financial position	**1,392,937**	1,222,766
Add back				
Loans and borrowings		Statement of financial position	**254,387**	193,488
Deferred tax liabilities		Statement of financial position	**84,441**	71,022
Current tax liabilities		Statement of financial position	**2,659**	11,606
Deferred VAT and payroll tax liabilities		Note 22	**-**	34,790
Less				
Revaluation uplift in property, plant and equipment[1]		Note 15	**(518,770)**	(425,974)
Cash and cash equivalents		Statement of financial position	**(34,173)**	(91,320)
Deferred tax assets		Statement of financial position	**(24,136)**	(21,271)
Derivative assets		Statement of financial position	**(6,521)**	(11,717)
Invested capital	B		**1,150,824**	983,390
Average invested capital	C		**1,067,107**	993,715
Return on Invested Capital	A/C		**12.7%**	10.8%
Assets under construction at year end	D	Note 15	**(101,703)**	(64,556)
Normalised invested capital	B-D		**1,049,121**	918,834
Average normalised invested capital	E		**983,978**	921,890
Normalised Return on Invested Capital (APM xiv)	A/E		**13.8%**	11.6%

[1] Includes the combined net revaluation uplift included in property, plant and equipment since the revaluation policy was adopted in 2014 or in the case of hotel assets acquired after this date, since the date of acquisition. The carrying value of land and buildings, revalued at 31 December 2023, is €1,478.6 million (31 December 2022: €1,281.3 million). The value of these assets under the cost model is €959.9 million (31 December 2022: €855.4 million). Therefore, the revaluation uplift included in property, plant and equipment is €518.8 million (31 December 2022: €426.0 million). Refer to note 15 to the financial statements.

(xv) Net Debt to EBITDA after rent (banking covenant)

Net Debt (see definition vi) divided by EBITDA after rent for the year. EBITDA after rent is defined as Adjusted EBITDA (see definition ii) less fixed lease costs (see definition in glossary) calculated in line with banking covenants which specify the inclusion of pre-opening expenses and exclusion of share-based payment expense.

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

(xvi) Interest Cover (banking covenant)

EBITDA after rent (see definition xv) divided by interest and other finance costs paid or payable during the year. The calculation excludes professional fees paid or payable during the year in line with banking covenants.
Reconciliation: Refer below

(xvi) Interest Cover (banking covenant) *(continued)*

Reconciliation of banking covenants APMs (xv), (xvi)		Reference in financial statements	2023 €'000	2022 €'000
Operating profit		Statement of comprehensive income	**156,143**	155,527
Add back/(less):				
Total adjusting items as per the financial statements		Note 3	**2,861**	(28,636)
Depreciation of property, plant and equipment		Note 3	**32,791**	28,426
Depreciation of right-of-use assets		Note 3	**30,663**	27,503
Amortisation of intangible assets		Note 3	**650**	610
Share-based payment expense		Note 3	**5,910**	3,329
Fixed lease costs (see glossary)			**(53,531)**	(46,330)
Pre-opening costs		Note 3	**(497)**	(2,666)
EBITDA after rent	**A**		**174,990**	137,763
Net Debt (APM vi)	**B**	Note 24	**224,550**	107,681
Net Debt to EBITDA after rent (APM xv)	**B/A**		**1.3x**	0.8x
Interest and other finance costs paid		Statement of cashflows	**8,726**	12,233
Interest and other finance costs accrued but not yet paid			**258**	-
Interest and other finance costs per banking covenants	C		**8,984**	12,233
Interest Cover (APM xvi)	**A/C**		**19.5x**	11.3x

(xvii) Hotel EBITDA (after rent) from leased portfolio

'Segmental EBITDAR' (see definition iv) from leased hotels less the sum of variable lease costs and fixed lease costs relating to leased hotels. This excludes variable lease costs and fixed lease costs relating to effectively, or majority owned hotels. This APM is presented to show the net operational contribution from the Group's leased hotel portfolio after lease costs.

Reconciliation: Refer below

(xviii) Rent Cover

'Segmental EBITDAR' (see definition iv) from leased hotels divided by the sum of variable lease costs and fixed lease costs relating to leased hotels. This excludes variable lease costs and fixed lease costs that do not relate to fully leased hotels. This APM is presented to show the Group's ability to meet its lease commitments through the net operational contribution from its leased hotel portfolio.

Reconciliation: Refer below

Reconciliation of APMs (xvii), (xviii)		Reference in financial statements	2023 €'000	2022 €'000
'Segmental EBITDAR' from leased hotels	A	Note 3	**96,350**	71,916
Variable lease costs		Note 3	**3,630**	3,815
Fixed lease costs			**53,531**	46,330
Total variable and fixed lease costs			**57,161**	50,145
Exclude variable and fixed lease costs not relating to fully leased hotels			**(2,576)**	(2,642)
Variable and fixed lease costs from leased hotels	B		**54,585**	47,503
Hotel EBITDA (after rent) from leased portfolio (APM xvii)	**A-B**		**41,765**	24,413
Rent Cover (APM xviii)	**A/B**		**1.8x**	1.5x

(xix) Modified EBIT

For the purposes of the annual bonus evaluation, EBIT is modified to remove the effect of fluctuations between the annual and budgeted EUR/GBP exchange rate and other items which are considered, by the Remuneration Committee, to fall outside of the framework of the budget target set for the year. Foreign exchange movements represent the difference on converting EBIT from UK hotels at actual foreign exchange rates during 2023 versus budgeted foreign exchange rates. The budgeted EUR/GBP exchange rate was 0.90 in 2023 (2022: 0.90).

Reconciliation: Refer below

(xix) Modified EBIT *(continued)*

Reconciliation of APM (xix)	Reference in financial statements	2023 €'000	2022 €'000
Operating profit	Statement of comprehensive income	**156,143**	155,527
Remove impact of:			
Adjusting items	Note 3	**2,861**	(28,636)
Foreign exchange movements		**(1,766)**	(2,720)
Modified EBIT (APM xix)		**157,238**	124,171

Glossary

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

Average Room Rate (ARR) - also Average Daily Rate (ADR)
ARR is calculated as rooms revenue divided by the number of rooms sold. This is a commonly used industry metric which facilitates comparison between companies

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

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

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

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

Hotel assets
Hotel assets represents the value of property, plant and equipment per the consolidated statement of financial position at 31 December 2023.

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

Balance Sheet Net Asset Value (NAV) per Share
Balance Sheet NAV per Share represents net assets per the consolidated statement of financial position divided by the number of shares outstanding at year end.

Competitive Set (compset)
A Competitive Set (compset) is a group of hotels that a hotel property competes against for business. These hotels are typically located in the same geographic area and offer similar services and amenities.