

**CHAIR'S LETTER**

Focused on  
**strong growth  
and strategic  
progress.**

**John Mulcahy** Chairman



## CHAIR'S LETTER CONTINUED

1,354

Suburban units delivered in FY 2022

€645m

FY 2022 Revenue

**I am pleased to share with you Glenveagh's Annual Report for the year ended 31 December 2022. It has been a busy year for the business, one of strong growth and important strategic progress, supported by the hard work and dedication of the whole team.**

As always there were plenty of challenges to contend with – no sooner had the disruption of COVID-19 began to ease than it was replaced by the war in Ukraine, inflation, consequent interest rate increases and the threat of impending recession across Europe and the world.

I am glad to report that our strategy and platform enabled us to face and overcome these conditions and challenges.

#### **Growing a diversified and sustainable business**

Our three business segments – Suburban, Urban and Partnerships – provide an ideal platform to address the largest and most resilient parts of the Irish housing market. Our strategic priorities which evolved during the year, build on the successes of our strategy to date and position us optimally to address the needs of stakeholders and to manage for the future: accomplishing our clear priorities, achieving our vision and driving the financial performance of our business – thus increasing revenue, driving productivity and improving our disciplined capital allocation.

I am pleased to report that Glenveagh delivered another impressive performance in 2022.

Total revenue for the year grew by 35% to €644.7 million (2021: €476.8 million) in what remained a challenging operational environment. This primarily comprised 1,354 suburban unit sales completed (2021: 902) and urban revenue from ongoing completions and several transactions. For FY 2023 we have framed our approach to match supply and commercial activity with the emerging demand that will come from government initiatives and the impact of the

change in the macroprudential rules. Read more about these in the Market Overview on page 18.

Looking ahead, we expect the market environment to remain favourable, notwithstanding the broader economic and inflationary challenges that face us. This will be supported by a resilient domestic economy supported by population and wage growth, significant private customer demand in a market that has been undersupplied for many years, and supportive government policy via demand and supply-side initiatives.

#### **Advancing our business segments**

Our Suburban segment made considerable progress in FY 2022, with an attractive product offering and increased brand awareness following an extensive marketing campaign 'Love Where You Live'. The introduction of the First Home scheme in July 2022 also supported customer demand. We completed 1,354 suburban units during the year, up 50% on FY 2021 levels.

In our Urban segment we monetised a significant portion of our land assets, enabling us to improve the Group's Return on Equity and return excess capital to shareholders. It has also allowed us to de-risk our portfolio in what is a more challenging environment for urban apartment construction. We will continue to assess our investment strategy in this segment and will be ready to become more active in the event that trading conditions become more favourable.

Our Partnerships business progressed well in FY 2022. We submitted planning applications for both our 1,200 home development (with our partners Fingal County Council) at Ballymastone in Donabate and the 853 home development (with our partners Dublin City Council) at our Oscar Traynor Road site in Coolock in H2, and received an initial planning decision in favour of both applications, subject to any ongoing appeals. We are looking forward to busy and

productive years ahead in this area as we deepen our relationships in these forms of partnerships.

#### **Our colleagues**

The Board continues to recognise and appreciate the significant role all our Glenveagh colleagues have played in delivering our success to date. None of our progress would have been possible without their energy and dedication.

In line with our strategic priority 'Valuing And Developing Our Colleagues', our ambition is to be recognised as an employer of choice and as the best place to work in our sector, driven by an engaging and trusting culture and a safe working environment. All our colleagues are empowered to make decisions and know how they are contributing to our overall success, and an employee recognition scheme was introduced in 2022 to further strengthen engagement in this regard.

The health and safety of our colleagues is paramount and we work relentlessly to embed this in everything we do. In FY 2022 we were delighted to be recognised with the President's Award for Construction and the Healthy Workplace Award at the Annual Occupational Health and Safety Awards 2022.

#### **Sustainability**

2022 was an important year for sustainability globally, domestically and for Glenveagh.

Set against a difficult geopolitical backdrop, COP27 resulted in a package of decisions that reaffirmed the commitment to limit global temperature rise to 1.5 °C above pre-industrial levels. In Ireland, as noted last year, the Climate Action and Low Carbon Development (Amendment) Act 2021 was signed into law in 2021. In July 2022, a range of sectoral emission ceilings were announced that are designed to enable an overall target of 51% reduction of GHG emissions by 2030 (relative to 2018 levels).

## CHAIR'S LETTER CONTINUED

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At Glenveagh, our evolved *Building Better* strategy incorporates sustainability explicitly into each of the pillars and individual projects that bring to life our strategic priorities. Central to this is our own Net Zero Transition Plan. The Group has developed both near-term and long-term GHG emissions reduction targets for Scopes 1, 2 and 3 in line with guidance from the Science Based Targets initiative (SBTi). These targets call for a 46% absolute reduction in Scopes 1 & 2 by 2031 and a 55% reduction in Scope 3 emissions intensity (tCO<sub>2</sub>e/100sqm) by 2031. Longer term net zero targets have been set for Scopes 1, 2 & 3 by 2050. All targets have been submitted to the SBTi for validation.

We acknowledge that partnering will be crucial to how effectively we all reach our sustainability goals. We are working with industry and cross-sectoral working groups and membership bodies including the Irish Green Building Council, Business in the Community Ireland and the Build Digital Project.

We launched our Equity, Diversity & Inclusion (ED&I) strategy, Building a Better Workplace, with three overarching objectives in relation to 'Better Representation', 'An Inclusive Environment' and 'Using our Influence', along with a number of targets and goals which we aim to achieve over the coming years. We published our inaugural Gender Pay Gap (GPG) report in December 2022 and, while the results are not where we wish them to be, we are transparent and committed to being at the forefront of organisations reducing this gap in the Irish homebuilding industry.

#### Capital allocation

The Group continues to implement a disciplined capital allocation strategy, focused on three priorities: investment in supply-chain, land, and work-in-progress. Once these priorities are satisfied, the Group's policy is to return any excess cash to shareholders.

Capital efficiency improved further in FY 2022 through an ongoing reduction in our net investment in land, a more efficient use

of our debt facilities and the continuation of share buyback programmes as the preferred method of returning value to shareholders. We returned approximately €146 million of capital to shareholders via share buyback programmes conducted during the year and have already returned approximately €30 million so far in FY 2023.

We took the opportunity to acquire timber frame manufacturer Harmony Timber Solution Ltd. during the year, which is a key strategic acquisition for us, and I would like to welcome our Harmony colleagues to the Glenveagh team.

Our capital allocation framework remains effective and appropriate for our business and for our stakeholders as we position ourselves for long-term growth. The Board will continue to review this policy as the business, finance and market environment evolves.

#### Governance

2022 was a year of transition for the Board, its committees and for the senior executive team.


As announced at the 2021 AGM, I transitioned to the role of Non-executive Chairman with effect from 1 January 2022 and, as part of the succession planning for the smooth transition of my executive functions, the composition of the Group's executive committee was expanded. There were no new appointments to the Board during 2022, but during the year the committee commenced the process of identifying a new Independent Non-executive Director following Richard Cherry's decision to step down from the Board at the conclusion of the 2022 AGM.

Full details of the activities of the Board and its committee during 2022, and our priorities for the year ahead, can be found in the Corporate Governance Report on pages 74 to 81.

#### Conclusion and outlook

In what was a rewarding but also challenging year in many respects, I would like to offer my sincere thanks to my fellow Board members, our colleagues, customers, suppliers and investors for their ongoing commitment and support.

I am more convinced than ever about the long-term growth opportunity for Glenveagh and our capability to provide great-value, high-quality sustainable homes in flourishing communities across Ireland. We are very well-positioned as a scale operator with attractive product and highly developed portfolio skills, underpinned by sustainable operational excellence. We will continue to invest sensibly to avail of the compelling market opportunity open to us. The Board remains very confident about the future and we look forward to further progress in 2023 and beyond.



**John Mulcahy**  
28 February 2023