

Thursday, 12th June 2003

**CHAIRMAN'S STATEMENT
ANNUAL GENERAL MEETING**

The Group recorded an excellent performance in 2002 achieving a profit before tax of €20.6m, which is a 14% increase on 2001. I would like to take this opportunity to congratulate all concerned. This overall result, and in particular the substantial profit growth achieved through our UK operations, is clear validation of the Group's corporate strategy to increase earnings by geographical diversification.

This growth path continues as set out in the Chief Executive's Review in the Annual Report. Current market conditions are highly favourable for each of our businesses. The Group's strategic plan is showing clear results and in conjunction with robust market demand and strong deposits on hand, the Group is satisfied it will achieve another good result in 2003.

Dividend

At last year's AGM, the Group indicated its intention to progressively increase the dividend to a level that would be in line with our peer group. The dividend for 2002 was increased from 4.5 cent to 6.25 cent. The Group plans to continue this policy of progressively increasing the payout ratio.

Ireland

An exceptional selling season in the first half of 2003 has been experienced by our Irish housing business. It has resulted in over 850 deposits on hand at the end of May, compared to just over 600 deposits on hand for the same time last year. With a total of 879 housing units completed in 2002, we expect to increase the volume of output this year based on the strong market demand being experienced. The Group will continue to be sales driven to ensure that our products maintain their high quality reputation and are delivered at good value to match consumer demand.

Our Irish housing land bank is in good shape with a wide geographical spread providing much comfort to the Group. It is a low average cost land bank, aimed primarily at our core target market of first time buyers and is adequate for current trading levels.

Our Irish commercial division, Hillview Securities is recording a very good performance in 2003. Earlier this year, Hillview purchased an industrial estate in West Dublin with a view to upgrading the quality of tenancies and making individual unit disposals. This project is progressing well.

Hillview has also purchased an extension site for the successful joint development of the Eyre Square Shopping Centre in Galway.

UK

The Group's UK growth strategy has resulted in a strong trading result in 2002. Our operation, based in the north west of England, is now another key profit centre for the Group. This accomplishment is of considerable satisfaction to the Board. It represents the delivery of good progress in our corporate objective to firmly establish ourselves in the UK and achieve a balance of profitability between the UK and Irish markets.

The number of deposits on hand in the UK business was 267 at end of May. Market demand remains buoyant and our product, with an average price of Stg £88,000 is clearly aimed at the affordable sector of the market. Our UK house and apartment building business delivered 257 completions in 2002 and is on target to produce 450 completions for 2003. The Group is focused on achieving further significant growth on this number in 2004. This will require strategic land bank management to ensure continued development opportunities are available for the UK subsidiary and the Group intends to increase its land bank significantly in the UK going forward.

Our corporate objective is to enlarge our UK business to become similar in scale to our very successful Irish house building operation. We want to achieve this enlargement process as quickly as possible to take best advantage of the many future growth opportunities we have identified within the north west of England. Our aim is to attain this through a combination of augmenting land purchases and exploring acquisition opportunities. This gearing up will feed through strongly to provide increased returns for our shareholders and an improved profitability mix within the Group.

Spain

The Group's strategy in Spain is to diversify operations and progressively grow its freehold division. 2002 saw our Spanish business provide a good result and we expect a continued strong performance in 2003, based on indications from the year to date. Deposits on hands in Spain at the end of May were 101 compared to 77 in the previous year.

We have recorded a level of sales in Spain as far out as early 2005 and this will underpin our future growth ambitions for this division. In addition, as our development at Alanda Club the Group's rental operation is now complete, the Group is in a favourable position of having a highly visible revenue stream being generated by the resort each year.

Our corporate objective within this market is to grow organically through increasing the developmental activities of our freehold operations by strategic land acquisitions.

Conclusion

In summary, it is a pleasure to report to you that the Group's corporate objectives are well on target. All subsidiaries are achieving strong results in line with these objectives and future strategies to achieve further growth are in place. Our ambition is to create a Group that delivers high growth from a diversified operating base and this objective is being achieved. Market demand is strong and a high level of deposits on hand is secured.

The Group anticipates a strong result for the full year of 2003.

Roy Ferris, Chairman, McInerney Holdings plc.

ENDS

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