

Wednesday 12th May 2010

MCINERNEY HOLDINGS PLC INTERIM MANAGEMENT STATEMENT

McInerney Holdings plc ('the Group') is holding its Annual General Meeting at 12 noon today in Dublin where the following comments will be made regarding current trading, financial performance and the outlook for 2010. This statement constitutes the Group's Interim Management Statement for the period to 12 May 2010.

Our principal markets of home building in UK and Ireland continued to experience challenging conditions in 2009. The past two years have been particularly tough for our business, which has experienced weakening market conditions and poor consumer sentiment. The Board appreciates that this has been difficult for our shareholders and are conscious of the erosion of our share value during this period.

Markets

While there have been signs of improvement in the UK housing market since late last year, it is modest and forward progress is expected to be slow. However, our business has achieved very significant progress on the social housing front in the UK, where unit output will double to over 300 in 2010. Further progress on this front will depend on future UK Government policy.

In Ireland, the market for our standard product is showing signs of levelling off after the very steep declines of 2008 and 2009. Average prices have fallen significantly and we believe that affordability for first time buyers has returned to 1996 levels. Our output fell to a historic low of 131 units in 2009 as consumers postponed home purchasing decisions. We expect to see modest improvement in output in 2010.

In 2009, the Group undertook a further review of the carrying value of its assets and an impairment charge of €156m was taken with the first half results in August 2009. A further review of the carrying value of the assets was undertaken with the full year results this year and the Board, as part of the audit process, assessed that no further significant impairment charge was required, underlining our view that market conditions are stabilising.

As recently announced, the Board decided against any further investment in our Spanish freehold apartment division Alanda Homes SL. Last week, that company applied for the appointment of a voluntary administrator to wind down its operation. The Group has taken this decision in line with our stated objective to concentrate all available resources on our core businesses of home building in UK and Ireland. Our other interests in Spain are unaffected by this action.

Banking

Our core Irish facilities have been restructured to reflect current and forecast trading to March 2011. Revised loan documentation has been received and management are focused on satisfying the relevant pre-conditions to the facility. We expect to sign the revised agreement shortly.

In the UK, a further extension of the facility, which expired at the end of March has been secured to end of May. We expect our UK banks to roll the facility on a short term basis while our strategic review is continuing.

Strategic Review

While there are some signs of improvement in our main markets, the Board concluded earlier this year that the best way the Group as a whole could capitalise on recovery, was through a full strategic review including, inter alia, raising new capital and a restructuring of the Group's current financing commitments.

Our underlying operations are sound but our capital base and structure would impede the ability of the Group to trade through to an expected slow market recovery phase. Goldman Sachs International has been engaged as financial adviser to assist the Group in a review of its strategic alternatives. To date, Goldman Sachs International have completed a full review of our structure and operations. They continue to work jointly with our senior executive team and will report back to the Board in due course. The Board are of the view that a restructuring or new equity raise is the correct strategy for the Group and is in the best interests of all stakeholders. However, there can be no guarantee of success. Any such process may involve significant dilution of existing equity holders. We will give a further update on progress with the interim results at the end of August, unless there are any material developments before then.

In the meantime, the Board seeks to continually achieve increased cost efficiencies and has undertaken a number of specific actions in recent months. These included continuing head count reductions and significant cuts in remuneration for Executive Directors and Non Executive Directors.

Outlook

The Board will remain focused on continuing to secure sales and reduce costs. We aim to capitalise on the inherent operational strengths of our businesses to deliver the appropriate capital base and structure and benefit from ultimate market recovery.

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