

AVJennings Announces Joint Venture with Macquarie Real Estate Equity Funds

Melbourne, 8 January 2007 - AVJennings Ltd (“AVJ” or the “Company”), one of Australia’s leading residential developers, is pleased to announce it has entered into a joint venture (“JV”) with Macquarie Real Estate Equity Funds (“MREEF”) for the development of a residential land subdivision project. MREEF are a series of unlisted, institutional, real estate development funds, combining the financial capability, resources and skills of Macquarie Bank Limited with leading and experienced local development partners.

The JV will acquire at market valuation from AVJennings the right to develop the project located within the successful Lyndarum Estate, in Epping, Melbourne. AVJennings will be engaged by the JV to perform project management and marketing services and receive fees based on market remuneration. The JV is structured to ensure there is an alignment of interests between the JV partners, as well as recognising the skills and resources of each JV partner.

Louis Milkovits, AVJennings’ Managing Director, said “This JV is very positive for AVJennings. The Company expects to book a profit before tax of some \$7 million on the establishment of the JV. In addition, AVJ will be entitled to a proportion of the development profits from the project as well as ongoing fee income for project management and marketing services.”

On its establishment, the JV will make a lump sum payment to AVJennings for the right to develop the property. This will result in reduced debt levels for AVJ as well as provide additional financial capacity for future land acquisitions. In addition, the structure also creates a source of recurring fee based income which contributes positively to the Company’s revenue and cash flow.

The project comprises the western portion of the Lyndarum Estate, a successful AVJ development located in the City of Whittlesea, in Melbourne’s northern growth corridor. This rapidly expanding area is only 22 kilometres north of Melbourne and has been identified in the Victorian State Government’s 2030 planning strategy. Set amongst 14 hectares of native parkland, the Lyndarum Estate is a comprehensively planned residential and mixed used estate comprising over 1,400 lots, of which 400 lots are indicated for the JV project. When complete, the Estate will provide amenities for a diverse population including main street shopping, a child care centre, retirement village, and a broad range of housing choices.

Mr Milkovits said that “The Company plans to broaden its capital base through the use of external equity sources. Partnering with established funds such as MREEF is one such example. In addition, as previously announced, AVJennings is also continuing to work towards putting in place an appropriate structure for direct syndication. The Company has a strong pipeline of quality assets and aims to maximize the earnings potential of these assets to create the best value for shareholders.”

Further information:

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